

7/11/77 [2]

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THE WHITE HOUSE
WASHINGTON

July 11, 1977

Hamilton Jordan -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Asst. Director for Proliferation
ACDA --
Charles N. Van Doren

cc: Jim King

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
	X	JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
X	KING		VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 9, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: HAMILTON JORDAN *H.J.*
SUBJECT: Assistant Director for Proliferation - ACDA

Paul Warnke is proposing that you appoint Charles N. Van Doren to be Assistant Director for Proliferation of the Arms Control and Disarmament Agency. This is a Presidential appointment, subject to Senate confirmation, Level V.

Van Doren has long experience in the arms control field. He is well respected in the arms control community and he is committed to nonproliferation views that are compatible with yours.

I checked this appointment with both Zbig and Frank Press, and both concur that it would be a good appointment and both support Warnke's recommendation.

Biographical material is attached. I recommend you approve Warnke's recommendation.

APPROVE Van Doren ✓ DISAPPROVE

Give me other names:

Attachment

JC

Electrostatic Copy Made
for Preservation Purposes

on.

CHARLES NORTON VAN DOREN

BORN: April 7, 1924, Orange, New Jersey

EDUCATION: Phillips Exeter Academy
(graduated 1942, 1st in class of 250)
Harvard College
(1942-43; 1945-46; Harvard Prize scholar)
Columbia Law School
(LL.B 1949; Harlan Fiske Stone scholar;
editor, Columbia Law Review)

PRIVATE CAREER: Member of the N.Y.C. law firm of Simpson Thacher & Bartlett, with which he was associated for 13 years.

Member, New York, U.S. District Court for Southern District of New York, and U.S. Supreme Court bars.

GOVERNMENT CAREER:

POSITIONS HELD

Assistant General Counsel - 1963
Deputy General Counsel - 1964-1973 (Acting General Counsel - 1969)
Special Assistant for Treaty Implementation (1974)
Deputy Assistant Director, International Relations Bureau (1975)
Deputy Assistant Director for Non-Proliferation, Non-Proliferation and Advanced Technology Bureau (1976)
Acting Assistant Director for Non-Proliferation Bureau (1977)

AWARDS

Meritorious Honor Award - 1966
Outstanding Performance Awards - 1967, 1968, 1972 and 1975
Superior Honor Award - 1976

BACKGROUND ON NON-PROLIFERATION EFFORTS

- o Helped prepare presentation of Limited Test Ban Treaty to Senate in 1963.
- o Was among first to point out incompatibility of nuclear excavation projects with the Limited Test Ban Treaty; to call for interagency review of planned PNE explosions; to call this problem to the attention of the Atlantic-Pacific Inter-Oceanic Canal Study Commission; and to insist that it be raised with the Soviets.
- o Was heavily involved since 1964 in the development, negotiation, and implementation of the Nuclear Non-Proliferation Treaty;
- o Initiated the memoranda that led to decisions on U.S. signature and ratification of Protocol II of the Treaty for the Prohibition of Nuclear Weapons in Latin America.
- o Planned and coordinated the presentation to the Senate of the Non-Proliferation Treaty in 1968 and Protocol II to the Treaty for the Prohibition of Nuclear Weapons in Latin American in 1971.
- o Served as U.S. representative to the Conference of Non-Nuclear Weapon States (1968)
- o Served as member of U.S. delegation to 57-nation IAEA Safeguards Committee (1970-71) which drafted model safeguards agreement to meet requirements of NPT.
- o Initiated practice in 1972 of requiring, in connection with new or amended agreements for cooperation with non-parties to the NPT, assurances against use of U.S. origin materials for so-called peaceful nuclear explosions.
- o Wrote first action memorandum -- 1973 -- relating to sensitivity of reprocessing plants from non-proliferation point of view.
- o Co-chaired 1974 NSC inter-agency review of U.S. non-proliferation policy.
- o Participated in 1974 review of Test Ban possibilities.

- o Was one of U.S. representatives to NPT Review Conference (1975) for which he planned and coordinated U.S. preparations.
- o Participated from the outset in the planning and implementation of nuclear supplier discussions, and served as member of U.S. delegation to such discussions and as chairman of an international working group.
- o Participated in 1976 White House Nuclear Policy Review, which culminated in Presidential statement of October 28, 1976. (Received personal letter of appreciation from President Ford for his role in that study)
- o Participated in 1977 Presidential review of nuclear policy, culminating in the nuclear policy decisions announced by President Carter on April 7 and April 27, 1977.
- o Supervised preparation of memoranda recommending new look at question of U.S. adherence to Protocol I to the Treaty for the Prohibition of Nuclear Weapons in Latin America, on which President Carter announced his favorable decision April 14, 1977.

OTHER: Served in U.S. Army from 1943-45 in Pacific Theater;
(honorably discharged, 1945)
Was Vice President, South Orange-Maplewood (N.J.)
Adult School (1961-62).

THE WHITE HOUSE
WASHINGTON

July 11, 1977

Hamilton Jordan -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Gilbert Merritt

cc: Jim King

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

7/1/77

*Ham -
J*

To: Mrs. Carter

From: Ann Anderson *aa*

Gilbert Merritt of Nashville, who was Tennessee finance chairman for the Carter campaign, called me this morning to report that he is being recommended to President Carter by Attorney General Bell for a vacant seat on the Sixth Circuit Court of Appeals, following the recommendation of the commission on appointment of federal judges.

Gil asked me to tell you this, in hopes that you would remind President Carter of his part in the campaign, if you are so inclined. In addition to serving as state treasurer and finance chairman, Gil said that he met and talked with you and served as MC at several events where President Carter was the speaker.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

July 10, 1977

ok
J

MEMORANDUM FOR THE PRESIDENT

FROM:

719
HAMILTON JORDAN

SUBJECT:

Sixth Circuit Vacancy - Tennessee

You may wish to note in connection with Ann Anderson's note to Mrs. Carter, attached, that last week Judge Bell met with Frank, Bob and myself and we discussed the recommendations of some of the Panels for the Circuit vacancies which exist. Among those was the Sixth Circuit vacancy and there was a consensus among all of us and also with Senator Sasser that Gilbert Merritt should receive this appointment.

Appropriate papers will be coming to you after all the necessary checks are completed by Justice Department.

We will follow this procedure with Judge Bell routinely.

Attachment

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

July 11, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson
Bert Lance

Re: Ray Marshall's Appeal on the
OMB Employee Ceiling for the
Labor Department

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

The signed letter to Secretary Marshall has
been given to Bob Linder for appropriate
handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE
WASHINGTON

Send letter to Marshall

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input checked="" type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input checked="" type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER
Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day	

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input checked="" type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson
Jane Frank

Jack

July 11, 1977

RE:

Ray Marshall's Appeal on the OMB Employee
Ceiling for the Labor Department

We are transmitting Ray's appeal on the captioned subject. We requested comments from OMB and are aware that Stu has also submitted some. We feel strongly, however, that for the appeals process to have integrity you should read Ray's comments first and give them great weight.

Although we fully understand the points made by OMB and the validity of their concerns, we underscore the importance of giving broad discretion to Cabinet Secretaries on a subject such as this.

Attachments: TAB A - Eizenstat Comment

TAB B - Lance memo (summary & detailed analysis)

TAB C - OMB draft of letter from the President to Marshall if you believe the trade situation warrants additional people to assure improvements in the handling of worker trade adjustment petitions

TAB D - OMB draft of letter from Lance to Marshall if the President decides for no ceiling relief

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

20 JUN 1977

1977 JUN 21 AM 8 03

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

The Office of Management and Budget has informed us of the revised employment ceilings which are being assigned to the Department of Labor for Fiscal Years 1977 and 1978. According to the information we have received, the Department's full-time permanent employment ceiling is to be reduced by 547 in Fiscal Year 1977 and 813 in Fiscal Year 1978. I have thoroughly reviewed and analyzed these reductions to determine their immediate and potential impact on the Department's ability to effectively operate and administer the many programs for which it is responsible. My analysis included consideration of the assumptions underlying the OMB recommendations and alternative sets of reductions developed by my staff. This review has resulted in my concluding that I must request restoration of a portion of the reductions proposed for Fiscal Year 1978.

I fully share your concern that the level of Federal employment be held to the absolute minimum, consistent with the need to provide services required by law in a timely and efficient manner. The Department is faced with the need to implement the economic stimulus and new youth program quickly and efficiently, process increasingly large volumes of workers' compensation claims, and reduce large worker complaint backlogs in the minimum wage, labor-management relations and pensions programs. These are the high priority programs for which expanded employment is required.

In reviewing the proposed ceiling reductions, I have made every effort to make the reduction in non-direct program operations. As the enclosed table indicates, I am making substantially larger reductions than those proposed by the OMB staff in the area of departmental management. I had hoped to make even larger reductions in departmental management by eliminating the Regional Director positions, but I have run into such Congressional interest that I will continue a departmental level presence in our regional offices. In addition, I need to provide staff to plan the Department's efforts in the Welfare Reform Program. This need had not been built into our original ceiling requests. I will also have to forego needed improvements in a number of the Department's statistical programs, many of which are important to the development of national economic policy. With all of these additional reductions, which I have reallocated to welfare reform planning and the economic stimulus program, I believe that the Department has an inadequate 1978 employment ceiling for effective implementation of the economic stimulus program and operation of the workers' compensation program. For these programs, I am requesting the restoration of 171 ceiling spaces in 1978. Of this number, 100 spaces would be assigned to implementation of the economic stimulus program and 71 to workers' compensation program. OMB staff had assumed that these positions could be reprogrammed by reducing the staff of the Veterans Employment Service by 100 and by eliminating 71 positions through abolition of the Women's Bureau.

I am concerned about the proposed reduction of 71 ceiling spaces in the Women's Bureau. I believe that the Women's Bureau has an important role to play in the Department and that its programs should be accorded higher priority than in the past. For that reason, I appointed Alexis Herman as Director of the Bureau. She can provide the leadership necessary to ensure that the Department is giving adequate attention to sex discrimination and targeting programs to the special needs of women. Women are becoming a much higher percentage of the workforce and have special problems which must be considered in developing and implementing the Department's programs. I am redirecting the efforts of the Women's Bureau toward programmatic activities. It will play an important role in designing welfare reform, education and training programs, particularly in the youth area and occupational safety and health regulations. For these reasons alone, I would oppose abolishing the Women's Bureau, although there are other considerations which would make such an effort a mistake. Such an effort would be opposed by women's

organizations and civil rights organizations alike, not to mention opposition by the Congress. We stand to lose much more by the proposed elimination of the organization than we could ever gain through the resulting reduction in Federal employment, as it would imply that we are insensitive to the continuing problems of a major segment of the workforce.

With respect to the proposed 300 ceiling reduction in the Employment and Training Administration, I must appeal for restoration of 100 of the proposed 300 ceiling decrease. When the economic stimulus program was approved, you granted 537 additional positions to implement the program. Under the revised ceiling only 237 positions, or less than half, would be available to implement the program. That number of staff is inadequate. The doubling of the Job Corps alone will require all of the positions in the revised allowance and no staff will have been provided for the expansion of the PSE program, other youth programs, apprenticeship initiatives and special program for migrants and Indians. The revised allowance assumed that 100 positions could be diverted from the Veterans Employment Service, but this is not possible at this time for the following reasons.

First, the level of staffing for the Veterans Employment Service is mandated by the Vietnam-Era Veterans Readjustment Assistance Act of 1972, as amended. A legislative change would be required to implement the reduction. Second, the timing of recommending such a change could hardly be worse. Last week you initiated the HIRE program enlisting the support of industry leaders to hire unemployed veterans. Any proposal to eliminate VER positions could be seen as a breach of faith and confidence by our unemployed veterans even though the proposal would be to change the mix between the level of Federal and State resources devoted to the program rather than proposing a reduction in the level of effort directed to the program. Any such proposal will generate severe criticism from the Congress and veterans' organizations. Therefore, I would suggest that we postpone proposing any such legislative change for a year until the unemployment situation for Vietnam-Era veterans, hopefully, will have improved and our special emphasis programs have been terminated. For this reason, I am requesting restoration of the 100 ceiling spaces for 1978 and deferring the necessary legislative change required until 1979. To do otherwise means that the minimum level of resources necessary to implement the economic stimulus program will not be provided.

In summary, I am requesting restoration of the proposed reduction of 171 employment ceiling spaces associated with these two functions. A table reflecting my proposed distribution of the employment ceiling reduction compared to that proposed by OMB is enclosed. I will be happy to meet and discuss this appeal with you at your convenience.

Respectfully,

Ray Marshall

Secretary of Labor

Enclosure

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B

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THE WHITE HOUSE

WASHINGTON

July 8, 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *SE*
SUBJECT: Lance Memo re: DOL
Personnel Ceilings

Bert Lance and Ray Marshall disagree over DOL personnel ceilings.

Ray has asked that 171 of the slots which were cut in recent personnel ceilings for 1978 be restored. One hundred of these slots would be for continued implementation of the stimulus programs, while 71 would be for strengthening the worker's compensation program. Ray has also asked for 166 new positions in 1977 and 1978 to speed the handling of the higher-than-expected number of applications for trade adjustment assistance.

Bert has agreed that 82 of the new slots for the trade adjustment assistance program may be warranted. He has recommended, however, that none of the requested 171 slots for 1978 be restored.

Without more detailed knowledge of the need for and duties of the additional personnel, I must defer to Bert's judgment on the general need for tight personnel ceilings.

It is worth pointing out, however, that 100 of the contested slots are slated for implementation of our greatly expanded and highly visible public jobs programs. These stimulus programs will be closely scrutinized by the public and the press for fraud and waste, and deserve close competent administration. If, as Ray argues, the necessary personnel to properly implement these programs cannot be "borrowed" from elsewhere in his department, it may be wise to grant this waiver.

If you are inclined to give Ray some additional personnel flexibility, I recommend that any increase be coupled with specific instructions to allocate these slots to the programs of highest priority, such as our youth, PSE, and welfare jobs initiatives. Otherwise, the discipline of the personnel ceiling will be dissipated as the additional slots are swallowed into the DOL bureaucracy.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 5- 1977

MEMORANDUM FOR: THE PRESIDENT
FROM: Bert Lance *Bla-*
SUBJECT: Secretary Marshall's request for increases
in his personnel ceilings

Secretary Marshall [redacted] requests restoration of 171 of the 813 slots which the recent personnel ceilings cut from the employment he expected to have in 1978. In addition, he has requested another 166 slots in 1977 and 1978 in connection with budget supplementals he proposes be sent to the Congress to enable him to speed handling of worker trade adjustment assistance petitions and to generate trade and employment statistics.

Secretary's Request

The following summarizes the attached more detailed analysis of the Secretary's requests. [redacted]

Appeal for restoration of 171. The Secretary has allocated 642 of the 813 reduction from his previously planned employment among all the agencies of the Department. The next lowest priority items would be 100 from the remaining 337 requested to implement the economic stimulus package, and 71 of the increase requested to improve handling of Federal workers' compensation programs. He does not believe he can do the job that should be done in these areas without these people. He indicates that further cuts in other areas would be even worse in view of mounting backlogs of worker complaints in programs designed to protect labor standards.

Request for 166 new positions. The number of worker petitions for trade adjustment assistance is exceeding budget projections. Decisions are taking up to 6 months rather than the 60 days required by law, because of lack of staff. A provision of

the 1974 Trade Act calling for statistical programs relating imports, domestic production, and employment has not been implemented. The Secretary asks for 155 new positions for the petitions, 11 for the statistics.

OMB Comments

The employment reduction will make it extremely difficult for the Secretary to carry out his programs. However, we knew that when the ceilings were assigned, and tough management could probably prevent the reductions from hurting programs. The trade adjustment assistance request is different, since it involves an unexpected workload in an area of top policy concern. The statistics program does not appear promising, however, in view of problems with basic data.

Recommendation

In order to maintain the integrity of the recent personnel ceilings, I cannot recommend the increases requested by Secretary Marshall. However, the situation in the trade area may well warrant approving additional people and a supplemental for handling worker petitions. We do not believe it necessary to accept the Department's projections of workload, and believe 57 new full-time permanent positions and 25 temporary could work down the present backlog and handle a workload significantly above the current experience. The BLS statistics would be of such questionable usefulness that I do not believe it would be appropriate to allow those people, especially since BLS will have to draw back on more important programs under the new ceiling. If you decide to go for the statistics, 9 people are enough.

If you believe no ceiling relief should be given Secretary Marshall, I will send him the letter under Tab D.

If you believe the trade situation warrants additional people to assure improvement in the handling of worker trade adjustment petitions, I think it would be advantageous for you to send the letter under Tab C.

Decision

- _____ No increase, send letter under Tab C.
- _____ Provide 82 people (57 full-time permanent and 25 temporaries) for Trade Adjustment Assistance; prepare supplementals for Congress, if necessary; I will send letter to Marshall.
- _____ Provide 9 people for BLS as well as the 82 for Trade Adjustment Assistance; redraft letter for me.
- _____ Provide _____ of Secretary Marshall's appeal as well as the 91 for trade; redraft letter for me.
- _____ Other.

Secretary Marshall's requests for additional
personnel ceilings

I. Appeal for Restoration of 171

The appeal letter is a bit confusing, since it assumes that earlier staff discussions about what steps might be necessary to reach new ceilings represented OMB recommendations of what the Secretary should do. We made no such recommendations, leaving to him the determination of where the reductions should appropriately be made. We have talked with the Acting Assistant Secretary for Administration and Management about this and he agrees that the following is a correct interpretation of the Secretary's appeal.

The Secretary has made an examination of his personnel needs, determining on a priority basis where the required reductions could be made from his previous plans. After making reductions in every agency in the Department, he determined that the next lowest priority items (where he would cut next) were 100 people in the Employment and Training Administration, requested to implement the economic stimulus program, and 71 people in the Employment Standards Administration, requested to improve handling of Federal workers' compensation claims. All 171 are new positions, part of the increase requested in the February revision of the Ford budget.

The Secretary notes that an increase of 537 people was included in the February budget to implement the economic stimulus package. Without the additional hundred he is appealing, only 237 would be available for that purpose. All of these would be needed to handle the doubling of the size of the Job Corps, which requires significant numbers of Federal employees to assign, schedule, and arrange transportation for the disadvantaged youth filling the 22,000 training slots being added to the program. No additional staff would be available to negotiate and sign agreements, monitor progress, and overcome problems in the expansion of the public service employment program, the HIRE program for veterans, new youth programs, apprenticeship initiatives, and special programs for migrants and Indians. He is seeking the added 100 (averaging 10 per region) to add to resources being diverted from on-going programs for these purposes.

The workers' compensation program for Federal employees has been a trouble spot for several years. It takes an inordinate time for the Department to determine whether claimants deserve benefits. There is little follow-up to see if determinations were made correctly or if those receiving benefits still need them. A detailed study last year developed a plan to improve administration of the program, and a workload measurement system showing what staff levels were needed to handle workload. The need for the 71 positions was based on that plan and workload measurement system.

The Secretary indicates that other areas in the Department (after the reductions he has already made from his planned employment) are of even higher priority than these two, pointing out large worker complaint backlogs in minimum wage, labor-management relations, and pension programs. He did not mention that the Senate Appropriations Committee action on his 1978 appropriation would add 350 people above his previous plans for black lung claims handling and occupational safety and health inspections.

II. Request for 166 new positions

A rising number of worker petitions, exceeding the projections made in the budget, has overwhelmed the staff assigned to investigate and determine whether increased imports contributed importantly to a decline in a firm's sales or production leading toward layoff of the workers. The law requires the determination to be made in 60 days; the time lag is now approaching 6 months. A recent management engineering study of the Department's process has determined how many people are needed to handle given numbers of petitions. Based on its projections of new worker petitions, the Department asks for 150 people, plus 5 lawyers to review determinations for legal sufficiency. In addition, the Trade Act directs the Bureau of Labor Statistics (BLS) to initiate statistical series to show the relation between imports, domestic production of similar commodities, and employment. The Department asks 11 people to initiate such series. (Note: the Secretary reduced planned employment in BLS by 101 under the new ceilings, which will hinder if not prevent previously approved improvements in other statistical series.)

III. OMB Comments

Appeal. We sympathize with the Secretary's appeal. There is no doubt in our mind that it will be extremely difficult, and in some cases not possible, to handle his rising workloads without backlog increases that could raise problems for individuals seeking aid and cause difficulties with labor groups and the Congress. However, he has not added to the basic information available to us and summarized for you before the personnel ceilings were assigned. We cannot say that the Department of Labor is in a worse position than other departments and agencies. Giving relief here could increase pressures from others for similar relief. Moreover, DOL's full-time permanent ceiling is 16.3 thousand in 1977 and 16.2 thousand in 1978 compared to an actual of 15.5 thousand at the end of May. Monthly turnover has been running between 200 and 300 since December. Although it is a difficult administrative job to capture vacancies as they occur and assign them to higher priority activities, and recruiting is delayed by such a process, with effort it can be done. Since the appeal relates only to the 1978 ceiling we do not think it is necessary to grant relief so early. We will monitor experience under the ceiling over the next few months.

New request. The new request is somewhat different, since it involves an area in which you have publicly expressed concern. Prompt determination of workers' eligibility for trade adjustment assistance is not occurring. Delays could hamper your efforts to use such assistance as an alternative to import relief. Reassigning positions to this increased activity would require at a minimum a reprogramming request to the Congress. However, the Secretary, in his allocation of the new ceiling, has already reduced the ceiling for Departmental Management (within which this activity is conducted) almost to on-board strength. The request for BLS is less programmatically promising, because of difficulties with the basic data on imports and domestic production. Again, however, the political problems in the trade area may warrant approving the attempt to comply with a specific direction in the law.

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THE WHITE HOUSE

WASHINGTON

Dear Ray:

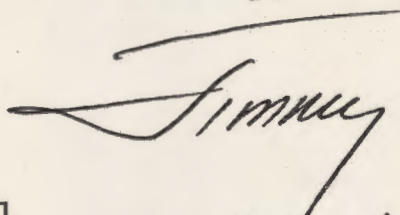
I have carefully considered your letter of June 20 seeking reconsideration of the personnel ceilings I recently assigned to the Department of Labor. I have also considered your request for additional people and supplemental appropriations for trade related activities.

I very much appreciate the serious effort you are making to reduce the number of employees you had planned to have in the Department of Labor. However, I am determined to fulfill my promise to the American people to hold down Government employment. This can be done only if we all stick to the personnel ceilings, with only the rarest exception because of unforeseen circumstances.

I am convinced that the new ceilings can be achieved without diminishing the service the people deserve. In fact, that service should be enhanced by the elimination of the red tape caused by excessive layering and other unnecessary overhead positions. I know it is a tough managerial job, but I am sure you can bring it off and am therefore not providing the relief you requested in your June 20 letter.

The request you made for added staff to speed processing of trade adjustment assistance petitions is a different matter. The increasing number of petitions in an area so important to one of our major policy efforts constitutes an unforeseen circumstance justifying an exception to the ceiling. I have, therefore, instructed Director Lance to increase your 1977 and 1978 personnel ceilings by 57 full-time permanent slots and your 1977 ceiling by an additional 25 temporaries. He will also prepare the supplementals for me to send to the Congress if the latest review of your financial situation shows they are necessary.

Sincerely,



Honorable Ray Marshall
Secretary of Labor
Washington, D.C. 20210

p.s. The dept vacancies & the 200-300 monthly separations should give you adequate flexibility. I have confidence in you - J

DRAFT
6/27/77

Honorable Ray Marshall
Secretary of Labor

Dear Mr. Secretary:

I have discussed with the President your appeal for a restoration of 171 people in your 1978 personnel ceiling and for an increase of 166 more for handling Trade Adjustment Assistance petitions and for initiating statistical series on trade and employment.

The President is very appreciative of your efforts to reduce the number of employees you had planned for the Department of Labor. He fully recognizes that cutting out excessive positions is a tough managerial job. However, he is convinced that when that job is done, the Federal Government will be in better shape to provide the services the people need more effectively as well as more efficiently. Since the pressures to avoid taking the hard steps necessary are great, he cannot, by providing relief from his current employment ceilings, remove any of the counter pressure he is exerting.

We cannot, from our position, pinpoint the actions you might take to eliminate those jobs which do not really contribute to the accomplishment of your mission. That can only be done by dedicated managers at all levels. However, it does appear that the number of vacancies now existing in the Department,

and the 200-300 monthly separations that have been occurring over the past few months, do provide the opportunity for a selective reallocation of positions (released by cutting out excessive layering or other overhead) into the areas you have identified as needing additional people. Such careful work could well solve the problems you fear in implementing the economic stimulus programs, handling workers' compensation claims, and speeding up processing of workers' trade adjustment assistance petitions.

Sincerely,

Lance

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson
Jane Frank

July 11, 1977

RE:

Ray Marshall's Appeal on the OMB Employee
Ceiling for the Labor Department

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Attachments: TAB A - Eizenstat Comment

TAB B - Lance memo (summary & detailed analysis)

TAB C - OMB draft of letter from the President to Marshall if you believe the trade situation warrants additional people to assure improvements in the handling of worker trade adjustment petitions

TAB D - OMB draft of letter from Lance to Marshall if the President decides for no ceiling relief

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

20 JUN 1977

1977 JUN 21 AM 8 03

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

The Office of Management and Budget has informed us of the revised employment ceilings which are being assigned to the Department of Labor for Fiscal Years 1977 and 1978. According to the information we have received, the Department's full-time permanent employment ceiling is to be reduced by 547 in Fiscal Year 1977 and 813 in Fiscal Year 1978. I have thoroughly reviewed and analyzed these reductions to determine their immediate and potential impact on the Department's ability to effectively operate and administer the many programs for which it is responsible. My analysis included consideration of the assumptions underlying the OMB recommendations and alternative sets of reductions developed by my staff. This review has resulted in my concluding that I must request restoration of a portion of the reductions proposed for Fiscal Year 1978.

I fully share your concern that the level of Federal employment be held to the absolute minimum, consistent with the need to provide services required by law in a timely and efficient manner. The Department is faced with the need to implement the economic stimulus and new youth program quickly and efficiently, process increasingly large volumes of workers' compensation claims, and reduce large worker complaint backlogs in the minimum wage, labor-management relations and pensions programs. These are the high priority programs for which expanded employment is required.

In reviewing the proposed ceiling reductions, I have made every effort to make the reduction in non-direct program operations. As the enclosed table indicates, I am making substantially larger reductions than those proposed by the OMB staff in the area of departmental management. I had hoped to make even larger reductions in departmental management by eliminating the Regional Director positions, but I have run into such Congressional interest that I will continue a departmental level presence in our regional offices. In addition, I need to provide staff to plan the Department's efforts in the Welfare Reform Program. This need had not been built into our original ceiling requests. I will also have to forego needed improvements in a number of the Department's statistical programs, many of which are important to the development of national economic policy. With all of these additional reductions, which I have reallocated to welfare reform planning and the economic stimulus program, I believe that the Department has an inadequate 1978 employment ceiling for effective implementation of the economic stimulus program and operation of the workers' compensation program. For these programs, I am requesting the restoration of 171 ceiling spaces in 1978. Of this number, 100 spaces would be assigned to implementation of the economic stimulus program and 71 to workers' compensation program. OMB staff had assumed that these positions could be reprogrammed by reducing the staff of the Veterans Employment Service by 100 and by eliminating 71 positions through abolition of the Women's Bureau.

I am concerned about the proposed reduction of 71 ceiling spaces in the Women's Bureau. I believe that the Women's Bureau has an important role to play in the Department and that its programs should be accorded higher priority than in the past. For that reason, I appointed Alexis Herman as Director of the Bureau. She can provide the leadership necessary to ensure that the Department is giving adequate attention to sex discrimination and targeting programs to the special needs of women. Women are becoming a much higher percentage of the workforce and have special problems which must be considered in developing and implementing the Department's programs. I am redirecting the efforts of the Women's Bureau toward programmatic activities. It will play an important role in designing welfare reform, education and training programs, particularly in the youth area and occupational safety and health regulations. For these reasons alone, I would oppose abolishing the Women's Bureau, although there are other considerations which would make such an effort a mistake. Such an effort would be opposed by women's

organizations and civil rights organizations alike, not to mention opposition by the Congress. We stand to lose much more by the proposed elimination of the organization than we could ever gain through the resulting reduction in Federal employment, as it would imply that we are insensitive to the continuing problems of a major segment of the workforce.

With respect to the proposed 300 ceiling reduction in the Employment and Training Administration, I must appeal for restoration of 100 of the proposed 300 ceiling decrease. When the economic stimulus program was approved, you granted 537 additional positions to implement the program. Under the revised ceiling only 237 positions, or less than half, would be available to implement the program. That number of staff is inadequate. The doubling of the Job Corps alone will require all of the positions in the revised allowance and no staff will have been provided for the expansion of the PSE program, other youth programs, apprenticeship initiatives and special program for migrants and Indians. The revised allowance assumed that 100 positions could be diverted from the Veterans Employment Service, but this is not possible at this time for the following reasons.

First, the level of staffing for the Veterans Employment Service is mandated by the Vietnam-Era Veterans Readjustment Assistance Act of 1972, as amended. A legislative change would be required to implement the reduction. Second, the timing of recommending such a change could hardly be worse. Last week you initiated the HIRE program enlisting the support of industry leaders to hire unemployed veterans. Any proposal to eliminate VER positions could be seen as a breach of faith and confidence by our unemployed veterans even though the proposal would be to change the mix between the level of Federal and State resources devoted to the program rather than proposing a reduction in the level of effort directed to the program. Any such proposal will generate severe criticism from the Congress and veterans' organizations. Therefore, I would suggest that we postpone proposing any such legislative change for a year until the unemployment situation for Vietnam-Era veterans, hopefully, will have improved and our special emphasis programs have been terminated. For this reason, I am requesting restoration of the 100 ceiling spaces for 1978 and deferring the necessary legislative change required until 1979. To do otherwise means that the minimum level of resources necessary to implement the economic stimulus program will not be provided.

In summary, I am requesting restoration of the proposed reduction of 171 employment ceiling spaces associated with these two functions. A table reflecting my proposed distribution of the employment ceiling reduction compared to that proposed by OMB is enclosed. I will be happy to meet and discuss this appeal with you at your convenience.

Respectfully,

Ray Marshall

Secretary of Labor

Enclosure

In summary, I am requesting restoration of the proposed reduction of 171 employment ceiling spaces associated with these two functions. A table reflecting my proposed distribution of the employment ceiling reduction compared to that proposed by OMB is enclosed. I will be happy to meet and discuss this appeal with you at your convenience.

Respectfully,

Ray Marshall

Secretary of Labor

Enclosure

THE WHITE HOUSE

WASHINGTON

July 8, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Lance Memo re: DOL
Personnel Ceilings

Bert Lance and Ray Marshall disagree over DOL personnel ceilings.

Ray has asked that 171 of the slots which were cut in recent personnel ceilings for 1978 be restored. One hundred of these slots would be for continued implementation of the stimulus programs, while 71 would be for strengthening the worker's compensation program. Ray has also asked for 166 new positions in 1977 and 1978 to speed the handling of the higher-than-expected number of applications for trade adjustment assistance.

Bert has agreed that 82 of the new slots for the trade adjustment assistance program may be warranted. He has recommended, however, that none of the requested 171 slots for 1978 be restored.

Without more detailed knowledge of the need for and duties of the additional personnel, I must defer to Bert's judgment on the general need for tight personnel ceilings.

It is worth pointing out, however, that 100 of the contested slots are slated for implementation of our greatly expanded and highly visible public jobs programs. These stimulus programs will be closely scrutinized by the public and the press for fraud and waste, and deserve close competent administration. If, as Ray argues, the necessary personnel to properly implement these programs cannot be "borrowed" from elsewhere in his department, it may be wise to grant this waiver.

If you are inclined to give Ray some additional personnel flexibility, I recommend that any increase be coupled with specific instructions to allocate these slots to the programs of highest priority, such as our youth, PSE, and welfare jobs initiatives. Otherwise, the discipline of the personnel ceiling will be dissipated as the additional slots are swallowed into the DOL bureaucracy.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 5- 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

BRL -

SUBJECT: Secretary Marshall's request for increases in his personnel ceilings

Secretary Marshall requests restoration of 171 of the 813 slots which the recent personnel ceilings cut from the employment he expected to have in 1978. In addition, he has requested another 166 slots in 1977 and 1978 in connection with budget supplementals he proposes be sent to the Congress to enable him to speed handling of worker trade adjustment assistance petitions and to generate trade and employment statistics.

Secretary's Request

The following summarizes the attached more detailed analysis of the Secretary's requests.

Appeal for restoration of 171. The Secretary has allocated 642 of the 813 reduction from his previously planned employment among all the agencies of the Department. The next lowest priority items would be 100 from the remaining 337 requested to implement the economic stimulus package, and 71 of the increase requested to improve handling of Federal workers' compensation programs. He does not believe he can do the job that should be done in these areas without these people. He indicates that further cuts in other areas would be even worse in view of mounting backlogs of worker complaints in programs designed to protect labor standards.

Request for 166 new positions. The number of worker petitions for trade adjustment assistance is exceeding budget projections. Decisions are taking up to 6 months rather than the 60 days required by law, because of lack of staff. A provision of

the 1974 Trade Act calling for statistical programs relating imports, domestic production, and employment has not been implemented. The Secretary asks for 155 new positions for the petitions, 11 for the statistics.

OMB Comments

The employment reduction will make it extremely difficult for the Secretary to carry out his programs. However, we knew that when the ceilings were assigned, and tough management could probably prevent the reductions from hurting programs. The trade adjustment assistance request is different, since it involves an unexpected workload in an area of top policy concern. The statistics program does not appear promising, however, in view of problems with basic data.

Recommendation

In order to maintain the integrity of the recent personnel ceilings, I cannot recommend the increases requested by Secretary Marshall. However, the situation in the trade area may well warrant approving additional people and a supplemental for handling worker petitions. We do not believe it necessary to accept the Department's projections of workload, and believe 57 new full-time permanent positions and 25 temporary could work down the present backlog and handle a workload significantly above the current experience. The BLS statistics would be of such questionable usefulness that I do not believe it would be appropriate to allow those people, especially since BLS will have to draw back on more important programs under the new ceiling. If you decide to go for the statistics, 9 people are enough.

If you believe no ceiling relief should be given Secretary Marshall, I will send him the letter under Tab D.

If you believe the trade situation warrants additional people to assure improvement in the handling of worker trade adjustment petitions, I think it would be advantageous for you to send the letter under Tab C.

Decision

- _____ No increase, send letter under Tab C.
- _____ Provide 82 people (57 full-time permanent and 25 temporaries) for Trade Adjustment Assistance; prepare supplementals for Congress, if necessary; I will send letter to Marshall.
- _____ Provide 9 people for BLS as well as the 82 for Trade Adjustment Assistance; redraft letter for me.
- _____ Provide _____ of Secretary Marshall's appeal as well as the 91 for trade; redraft letter for me.
- _____ Other.

Secretary Marshall's requests for additional
personnel ceilings

I. Appeal for Restoration of 171

The appeal letter is a bit confusing, since it assumes that earlier staff discussions about what steps might be necessary to reach new ceilings represented OMB recommendations of what the Secretary should do. We made no such recommendations, leaving to him the determination of where the reductions should appropriately be made. We have talked with the Acting Assistant Secretary for Administration and Management about this and he agrees that the following is a correct interpretation of the Secretary's appeal.

The Secretary has made an examination of his personnel needs, determining on a priority basis where the required reductions could be made from his previous plans. After making reductions in every agency in the Department, he determined that the next lowest priority items (where he would cut next) were 100 people in the Employment and Training Administration, requested to implement the economic stimulus program, and 71 people in the Employment Standards Administration, requested to improve handling of Federal workers' compensation claims. All 171 are new positions, part of the increase requested in the February revision of the Ford budget.

The Secretary notes that an increase of 537 people was included in the February budget to implement the economic stimulus package. Without the additional hundred he is appealing, only 237 would be available for that purpose. All of these would be needed to handle the doubling of the size of the Job Corps, which requires significant numbers of Federal employees to assign, schedule, and arrange transportation for the disadvantaged youth filling the 22,000 training slots being added to the program. No additional staff would be available to negotiate and sign agreements, monitor progress, and overcome problems in the expansion of the public service employment program, the HIRE program for veterans, new youth programs, apprenticeship initiatives, and special programs for migrants and Indians. He is seeking the added 100 (averaging 10 per region) to add to resources being diverted from on-going programs for these purposes.

The workers' compensation program for Federal employees has been a trouble spot for several years. It takes an inordinate time for the Department to determine whether claimants deserve benefits. There is little follow-up to see if determinations were made correctly or if those receiving benefits still need them. A detailed study last year developed a plan to improve administration of the program, and a workload measurement system showing what staff levels were needed to handle workload. The need for the 71 positions was based on that plan and workload measurement system.

The Secretary indicates that other areas in the Department (after the reductions he has already made from his planned employment) are of even higher priority than these two, pointing out large worker complaint backlogs in minimum wage, labor-management relations, and pension programs. He did not mention that the Senate Appropriations Committee action on his 1978 appropriation would add 350 people above his previous plans for black lung claims handling and occupational safety and health inspections.

II. Request for 166 new positions

A rising number of worker petitions, exceeding the projections made in the budget, has overwhelmed the staff assigned to investigate and determine whether increased imports contributed importantly to a decline in a firm's sales or production leading toward layoff of the workers. The law requires the determination to be made in 60 days; the time lag is now approaching 6 months. A recent management engineering study of the Department's process has determined how many people are needed to handle given numbers of petitions. Based on its projections of new worker petitions, the Department asks for 150 people, plus 5 lawyers to review determinations for legal sufficiency. In addition, the Trade Act directs the Bureau of Labor Statistics (BLS) to initiate statistical series to show the relation between imports, domestic production of similar commodities, and employment. The Department asks 11 people to initiate such series. (Note: the Secretary reduced planned employment in BLS by 101 under the new ceilings, which will hinder if not prevent previously approved improvements in other statistical series.)

III. OMB Comments

Appeal. We sympathize with the Secretary's appeal. There is no doubt in our mind that it will be extremely difficult, and in some cases not possible, to handle his rising workloads without backlog increases that could raise problems for individuals seeking aid and cause difficulties with labor groups and the Congress. However, he has not added to the basic information available to us and summarized for you before the personnel ceilings were assigned. We cannot say that the Department of Labor is in a worse position than other departments and agencies. Giving relief here could increase pressures from others for similar relief. Moreover, DOL's full-time permanent ceiling is 16.3 thousand in 1977 and 16.2 thousand in 1978 compared to an actual of 15.5 thousand at the end of May. Monthly turnover has been running between 200 and 300 since December. Although it is a difficult administrative job to capture vacancies as they occur and assign them to higher priority activities, and recruiting is delayed by such a process, with effort it can be done. Since the appeal relates only to the 1978 ceiling we do not think it is necessary to grant relief so early. We will monitor experience under the ceiling over the next few months.

New request. The new request is somewhat different, since it involves an area in which you have publicly expressed concern. Prompt determination of workers' eligibility for trade adjustment assistance is not occurring. Delays could hamper your efforts to use such assistance as an alternative to import relief. Reassigning positions to this increased activity would require at a minimum a reprogramming request to the Congress. However, the Secretary, in his allocation of the new ceiling, has already reduced the ceiling for Departmental Management (within which this activity is conducted) almost to on-board strength. The request for BLS is less programmatically promising, because of difficulties with the basic data on imports and domestic production. Again, however, the political problems in the trade area may warrant approving the attempt to comply with a specific direction in the law.

THE WHITE HOUSE

WASHINGTON

Dear Ray:

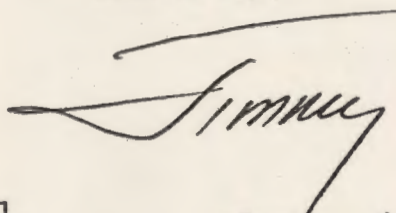
I have carefully considered your letter of June 20 seeking reconsideration of the personnel ceilings I recently assigned to the Department of Labor. I have also considered your request for additional people and supplemental appropriations for trade related activities.

I very much appreciate the serious effort you are making to reduce the number of employees you had planned to have in the Department of Labor. However, I am determined to fulfill my promise to the American people to hold down Government employment. This can be done only if we all stick to the personnel ceilings, with only the rarest exception because of unforeseen circumstances.

I am convinced that the new ceilings can be achieved without diminishing the service the people deserve. In fact, that service should be enhanced by the elimination of the red tape caused by excessive layering and other unnecessary overhead positions. I know it is a tough managerial job, but I am sure you can bring it off and am therefore not providing the relief you requested in your June 20 letter.

The request you made for added staff to speed processing of trade adjustment assistance petitions is a different matter. The increasing number of petitions in an area so important to one of our major policy efforts constitutes an unforeseen circumstance justifying an exception to the ceiling. I have, therefore, instructed Director Lance to increase your 1977 and 1978 personnel ceilings by 57 full-time permanent slots and your 1977 ceiling by an additional 25 temporaries. He will also prepare the supplementals for me to send to the Congress if the latest review of your financial situation shows they are necessary.

Sincerely,



Honorable Ray Marshall
Secretary of Labor
Washington, D.C. 20210

p.s. The dept vacancies & the 200-300 monthly separations should give you adequate flexibility. I have confidence in you - J

DRAFT
6/27/77

Honorable Ray Marshall
Secretary of Labor

Dear Mr. Secretary:

I have discussed with the President your appeal for a restoration of 171 people in your 1978 personnel ceiling and for an increase of 166 more for handling Trade Adjustment Assistance petitions and for initiating statistical series on trade and employment.

The President is very appreciative of your efforts to reduce the number of employees you had planned for the Department of Labor. He fully recognizes that cutting out excessive positions is a tough managerial job. However, he is convinced that when that job is done, the Federal Government will be in better shape to provide the services the people need more effectively as well as more efficiently. Since the pressures to avoid taking the hard steps necessary are great, he cannot, by providing relief from his current employment ceilings, remove any of the counter pressure he is exerting.

We cannot, from our position, pinpoint the actions you might take to eliminate those jobs which do not really contribute to the accomplishment of your mission. That can only be done by dedicated managers at all levels. However, it does appear that the number of vacancies now existing in the Department,

and the 200-300 monthly separations that have been occurring over the past few months, do provide the opportunity for a selective reallocation of positions (released by cutting out excessive layering or other overhead) into the areas you have identified as needing additional people. Such careful work could well solve the problems you fear in implementing the economic stimulus programs, handling workers' compensation claims, and speeding up processing of workers' trade adjustment assistance petitions.

Sincerely,

Lance

THE WHITE HOUSE

WASHINGTON

July 11, 1977

The Vice President
Stu Eizenstat
Hamilton Jordan
Jack Watson
Bert Lance

Re: Ray Marshall's Appeal on the
OMB Employee Ceiling for the
Labor Department

The attached was returned in the President's
outbox and is forwarded to you for your
information and appropriate action.

The signed letter to Secretary Marshall has
been given to Bob Linder for appropriate
handling.

Rick Hutcheson

cc: Bob Linder

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson
Jane Frank

July 11, 1977

RE:

Ray Marshall's Appeal on the OMB Employee
Ceiling for the Labor Department

We are transmitting Ray's appeal on the captioned subject. We requested comments from OMB and are aware that Stu has also submitted some. We feel strongly, however, that for the appeals process to have integrity you should read Ray's comments first and give them great weight.

Although we fully understand the points made by OMB and the validity of their concerns, we underscore the importance of giving broad discretion to Cabinet Secretaries on a subject such as this.

Attachments: TAB A - Eizenstat Comment

TAB B - Lance memo (summary & detailed analysis)

TAB C - OMB draft of letter from the President to Marshall if you believe the trade situation warrants additional people to assure improvements in the handling of worker trade adjustment petitions

TAB D - OMB draft of letter from Lance to Marshall if the President decides for no ceiling relief

In reviewing the proposed ceiling reductions, I have made every effort to make the reduction in non-direct program operations. As the enclosed table indicates, I am making substantially larger reductions than those proposed by the OMB staff in the area of departmental management. I had hoped to make even larger reductions in departmental management by eliminating the Regional Director positions, but I have run into such Congressional interest that I will continue a departmental level presence in our regional offices. In addition, I need to provide staff to plan the Department's efforts in the Welfare Reform Program. This need had not been built into our original ceiling requests. I will also have to forego needed improvements in a number of the Department's statistical programs, many of which are important to the development of national economic policy. With all of these additional reductions, which I have reallocated to welfare reform planning and the economic stimulus program, I believe that the Department has an inadequate 1978 employment ceiling for effective implementation of the economic stimulus program and operation of the workers' compensation program. For these programs, I am requesting the restoration of 171 ceiling spaces in 1978. Of this number, 100 spaces would be assigned to implementation of the economic stimulus program and 71 to workers' compensation program. OMB staff had assumed that these positions could be reprogrammed by reducing the staff of the Veterans Employment Service by 100 and by eliminating 71 positions through abolition of the Women's Bureau.

I am concerned about the proposed reduction of 71 ceiling spaces in the Women's Bureau. I believe that the Women's Bureau has an important role to play in the Department and that its programs should be accorded higher priority than in the past. For that reason, I appointed Alexis Herman as Director of the Bureau. She can provide the leadership necessary to ensure that the Department is giving adequate attention to sex discrimination and targeting programs to the special needs of women. Women are becoming a much higher percentage of the workforce and have special problems which must be considered in developing and implementing the Department's programs. I am redirecting the efforts of the Women's Bureau toward programmatic activities. It will play an important role in designing welfare reform, education and training programs, particularly in the youth area and occupational safety and health regulations. For these reasons alone, I would oppose abolishing the Women's Bureau, although there are other considerations which would make such an effort a mistake. Such an effort would be opposed by women's

organizations and civil rights organizations alike, not to mention opposition by the Congress. We stand to lose much more by the proposed elimination of the organization than we could ever gain through the resulting reduction in Federal employment, as it would imply that we are insensitive to the continuing problems of a major segment of the workforce.

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Respectfully,

Ray Marshall

Secretary of Labor

Enclosure

THE WHITE HOUSE

WASHINGTON

July 8, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Lance Memo re: DOL
Personnel Ceilings

Bert Lance and Ray Marshall disagree over DOL personnel ceilings.

Ray has asked that 171 of the slots which were cut in recent personnel ceilings for 1978 be restored. One hundred of these slots would be for continued implementation of the stimulus programs, while 71 would be for strengthening the worker's compensation program. Ray has also asked for 166 new positions in 1977 and 1978 to speed the handling of the higher-than-expected number of applications for trade adjustment assistance.

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If you are inclined to give Ray some additional personnel flexibility, I recommend that any increase be coupled with specific instructions to allocate these slots to the programs of highest priority, such as our youth, PSE, and welfare jobs initiatives. Otherwise, the discipline of the personnel ceiling will be dissipated as the additional slots are swallowed into the DOL bureaucracy.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 5- 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

BRL -

SUBJECT: Secretary Marshall's request for increases in his personnel ceilings

Secretary Marshall requests restoration of 171 of the 813 slots which the recent personnel ceilings cut from the employment he expected to have in 1978. In addition, he has requested another 166 slots in 1977 and 1978 in connection with budget supplementals he proposes be sent to the Congress to enable him to speed handling of worker trade adjustment assistance petitions and to generate trade and employment statistics.

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Request for 166 new positions. The number of worker petitions for trade adjustment assistance is exceeding budget projections. Decisions are taking up to 6 months rather than the 60 days required by law, because of lack of staff. A provision of

the 1974 Trade Act calling for statistical programs relating imports, domestic production, and employment has not been implemented. The Secretary asks for 155 new positions for the petitions, 11 for the statistics.

OMB Comments

The employment reduction will make it extremely difficult for the Secretary to carry out his programs. However, we knew that when the ceilings were assigned, and tough management could probably prevent the reductions from hurting programs. The trade adjustment assistance request is different, since it involves an unexpected workload in an area of top policy concern. The statistics program does not appear promising, however, in view of problems with basic data.

Recommendation

In order to maintain the integrity of the recent personnel ceilings, I cannot recommend the increases requested by Secretary Marshall. However, the situation in the trade area may well warrant approving additional people and a supplemental for handling worker petitions. We do not believe it necessary to accept the Department's projections of workload, and believe 57 new full-time permanent positions and 25 temporary could work down the present backlog and handle a workload significantly above the current experience. The BLS statistics would be of such questionable usefulness that I do not believe it would be appropriate to allow those people, especially since BLS will have to draw back on more important programs under the new ceiling. If you decide to go for the statistics, 9 people are enough.

If you believe no ceiling relief should be given Secretary Marshall, I will send him the letter under Tab D.

If you believe the trade situation warrants additional people to assure improvement in the handling of worker trade adjustment petitions, I think it would be advantageous for you to send the letter under Tab C.

Decision

- _____ No increase, send letter under Tab C.
- _____ Provide 82 people (57 full-time permanent and 25 temporaries) for Trade Adjustment Assistance; prepare supplementals for Congress, if necessary; I will send letter to Marshall.
- _____ Provide 9 people for BLS as well as the 82 for Trade Adjustment Assistance; redraft letter for me.
- _____ Provide _____ of Secretary Marshall's appeal as well as the 91 for trade; redraft letter for me.
- _____ Other.

Secretary Marshall's requests for additional
personnel ceilings

I. Appeal for Restoration of 171

The appeal letter is a bit confusing, since it assumes that earlier staff discussions about what steps might be necessary to reach new ceilings represented OMB recommendations of what the Secretary should do. We made no such recommendations, leaving to him the determination of where the reductions should appropriately be made. We have talked with the Acting Assistant Secretary for Administration and Management about this and he agrees that the following is a correct interpretation of the Secretary's appeal.

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The Secretary notes that an increase of 537 people was included in the February budget to implement the economic stimulus package. Without the additional hundred he is appealing, only 237 would be available for that purpose. All of these would be needed to handle the doubling of the size of the Job Corps, which requires significant numbers of Federal employees to assign, schedule, and arrange transportation for the disadvantaged youth filling the 22,000 training slots being added to the program. No additional staff would be available to negotiate and sign agreements, monitor progress, and overcome problems in the expansion of the public service employment program, the HIRE program for veterans, new youth programs, apprenticeship initiatives, and special programs for migrants and Indians. He is seeking the added 100 (averaging 10 per region) to add to resources being diverted from on-going programs for these purposes.

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II. Request for 166 new positions

A rising number of worker petitions, exceeding the projections made in the budget, has overwhelmed the staff assigned to investigate and determine whether increased imports contributed importantly to a decline in a firm's sales or production leading toward layoff of the workers. The law requires the determination to be made in 60 days; the time lag is now approaching 6 months. A recent management engineering study of the Department's process has determined how many people are needed to handle given numbers of petitions. Based on its projections of new worker petitions, the Department asks for 150 people, plus 5 lawyers to review determinations for legal sufficiency. In addition, the Trade Act directs the Bureau of Labor Statistics (BLS) to initiate statistical series to show the relation between imports, domestic production of similar commodities, and employment. The Department asks 11 people to initiate such series. (Note: the Secretary reduced planned employment in BLS by 101 under the new ceilings, which will hinder if not prevent previously approved improvements in other statistical series.)

III. OMB Comments

Appeal. We sympathize with the Secretary's appeal. There is no doubt in our mind that it will be extremely difficult, and in some cases not possible, to handle his rising workloads without backlog increases that could raise problems for individuals seeking aid and cause difficulties with labor groups and the Congress. However, he has not added to the basic information available to us and summarized for you before the personnel ceilings were assigned. We cannot say that the Department of Labor is in a worse position than other departments and agencies. Giving relief here could increase pressures from others for similar relief. Moreover, DOL's full-time permanent ceiling is 16.3 thousand in 1977 and 16.2 thousand in 1978 compared to an actual of 15.5 thousand at the end of May. Monthly turnover has been running between 200 and 300 since December. Although it is a difficult administrative job to capture vacancies as they occur and assign them to higher priority activities, and recruiting is delayed by such a process, with effort it can be done. Since the appeal relates only to the 1978 ceiling we do not think it is necessary to grant relief so early. We will monitor experience under the ceiling over the next few months.

New request. The new request is somewhat different, since it involves an area in which you have publicly expressed concern. Prompt determination of workers' eligibility for trade adjustment assistance is not occurring. Delays could hamper your efforts to use such assistance as an alternative to import relief. Reassigning positions to this increased activity would require at a minimum a reprogramming request to the Congress. However, the Secretary, in his allocation of the new ceiling, has already reduced the ceiling for Departmental Management (within which this activity is conducted) almost to on-board strength. The request for BLS is less programmatically promising, because of difficulties with the basic data on imports and domestic production. Again, however, the political problems in the trade area may warrant approving the attempt to comply with a specific direction in the law.

THE WHITE HOUSE

WASHINGTON

Dear Ray:

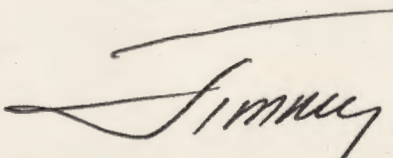
I have carefully considered your letter of June 20 seeking reconsideration of the personnel ceilings I recently assigned to the Department of Labor. I have also considered your request for additional people and supplemental appropriations for trade related activities.

I very much appreciate the serious effort you are making to reduce the number of employees you had planned to have in the Department of Labor. However, I am determined to fulfill my promise to the American people to hold down Government employment. This can be done only if we all stick to the personnel ceilings, with only the rarest exception because of unforeseen circumstances.

I am convinced that the new ceilings can be achieved without diminishing the service the people deserve. In fact, that service should be enhanced by the elimination of the red tape caused by excessive layering and other unnecessary overhead positions. I know it is a tough managerial job, but I am sure you can bring it off and am therefore not providing the relief you requested in your June 20 letter.

The request you made for added staff to speed processing of trade adjustment assistance petitions is a different matter. The increasing number of petitions in an area so important to one of our major policy efforts constitutes an unforeseen circumstance justifying an exception to the ceiling. I have, therefore, instructed Director Lance to increase your 1977 and 1978 personnel ceilings by 57 full-time permanent slots and your 1977 ceiling by an additional 25 temporaries. He will also prepare the supplementals for me to send to the Congress if the latest review of your financial situation shows they are necessary.

Sincerely,



Honorable Ray Marshall
Secretary of Labor
Washington, D.C. 20210

p.s. The dept vacancies & the 200-300 monthly separations should give you adequate flexibility. I have confidence in you.

DRAFT
6/27/77

Honorable Ray Marshall
Secretary of Labor

Dear Mr. Secretary:

I have discussed with the President your appeal for a restoration of 171 people in your 1978 personnel ceiling and for an increase of 166 more for handling Trade Adjustment Assistance petitions and for initiating statistical series on trade and employment.

The President is very appreciative of your efforts to reduce the number of employees you had planned for the Department of Labor. He fully recognizes that cutting out excessive positions is a tough managerial job. However, he is convinced that when that job is done, the Federal Government will be in better shape to provide the services the people need more effectively as well as more efficiently. Since the pressures to avoid taking the hard steps necessary are great, he cannot, by providing relief from his current employment ceilings, remove any of the counter pressure he is exerting.

We cannot, from our position, pinpoint the actions you might take to eliminate those jobs which do not really contribute to the accomplishment of your mission. That can only be done by dedicated managers at all levels. However, it does appear that the number of vacancies now existing in the Department,

and the 200-300 monthly separations that have been occurring over the past few months, do provide the opportunity for a selective reallocation of positions (released by cutting out excessive layering or other overhead) into the areas you have identified as needing additional people. Such careful work could well solve the problems you fear in implementing the economic stimulus programs, handling workers' compensation claims, and speeding up processing of workers' trade adjustment assistance petitions.

Sincerely,

Lance

THE WHITE HOUSE

WASHINGTON

Date: July 6, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Jack Watson

FOR INFORMATION:

Landon Butler *nc*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance's memo dated July 5, 1977 re Secretary Marshall's request for increases in his personnel ceilings.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Friday

DATE: July 8, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
X		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
X		WATSON	Staff Secretary
			next day

X	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
X	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

CONCURRENCE TAB

This sheet will precede the concurrence page in assembled correspondence.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 5- 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: Bert Lance

Bla -

SUBJECT: Secretary Marshall's request for increases
in his personnel ceilings

Secretary Marshall, in the attached letter (Tab B), requests restoration of 171 of the 813 slots which the recent personnel ceilings cut from the employment he expected to have in 1978. In addition, he has requested another 166 slots in 1977 and 1978 in connection with budget supplementals he proposes be sent to the Congress to enable him to speed handling of worker trade adjustment assistance petitions and to generate trade and employment statistics.

Secretary's Request

The following summarizes the attached more detailed analysis of the Secretary's requests (Tab A).

Appeal for restoration of 171. The Secretary has allocated 642 of the 813 reduction from his previously planned employment among all the agencies of the Department. The next lowest priority items would be 100 from the remaining 337 requested to implement the economic stimulus package, and 71 of the increase requested to improve handling of Federal workers' compensation programs. He does not believe he can do the job that should be done in these areas without these people. He indicates that further cuts in other areas would be even worse in view of mounting backlogs of worker complaints in programs designed to protect labor standards.

Request for 166 new positions. The number of worker petitions for trade adjustment assistance is exceeding budget projections. Decisions are taking up to 6 months rather than the 60 days required by law, because of lack of staff. A provision of

the 1974 Trade Act calling for statistical programs relating imports, domestic production, and employment has not been implemented. The Secretary asks for 155 new positions for the petitions, 11 for the statistics.

OMB Comments

The employment reduction will make it extremely difficult for the Secretary to carry out his programs. However, we knew that when the ceilings were assigned, and tough management could probably prevent the reductions from hurting programs. The trade adjustment assistance request is different, since it involves an unexpected workload in an area of top policy concern. The statistics program does not appear promising, however, in view of problems with basic data.

Recommendation

In order to maintain the integrity of the recent personnel ceilings, I cannot recommend the increases requested by Secretary Marshall. However, the situation in the trade area may well warrant approving additional people and a supplemental for handling worker petitions. We do not believe it necessary to accept the Department's projections of workload, and believe 57 new full-time permanent positions and 25 temporary could work down the present backlog and handle a workload significantly above the current experience. The BLS statistics would be of such questionable usefulness that I do not believe it would be appropriate to allow those people, especially since BLS will have to draw back on more important programs under the new ceiling. If you decide to go for the statistics, 9 people are enough.

If you believe no ceiling relief should be given Secretary Marshall, I will send him the letter under Tab D.

If you believe the trade situation warrants additional people to assure improvement in the handling of worker trade adjustment petitions, I think it would be advantageous for you to send the letter under Tab C.

Decision

- _____ No increase, send letter under Tab C.
- _____ Provide 82 people (57 full-time permanent and 25 temporaries) for Trade Adjustment Assistance; prepare supplementals for Congress, if necessary; I will send letter to Marshall.
- _____ Provide 9 people for BLS as well as the 82 for Trade Adjustment Assistance; redraft letter for me.
- _____ Provide _____ of Secretary Marshall's appeal as well as the 91 for trade; redraft letter for me.
- _____ Other.

Secretary Marshall's requests for additional
personnel ceilings

I. Appeal for Restoration of 171

The appeal letter is a bit confusing, since it assumes that earlier staff discussions about what steps might be necessary to reach new ceilings represented OMB recommendations of what the Secretary should do. We made no such recommendations, leaving to him the determination of where the reductions should appropriately be made. We have talked with the Acting Assistant Secretary for Administration and Management about this and he agrees that the following is a correct interpretation of the Secretary's appeal.

The Secretary has made an examination of his personnel needs, determining on a priority basis where the required reductions could be made from his previous plans. After making reductions in every agency in the Department, he determined that the next lowest priority items (where he would cut next) were 100 people in the Employment and Training Administration, requested to implement the economic stimulus program, and 71 people in the Employment Standards Administration, requested to improve handling of Federal workers' compensation claims. All 171 are new positions, part of the increase requested in the February revision of the Ford budget.

The Secretary notes that an increase of 537 people was included in the February budget to implement the economic stimulus package. Without the additional hundred he is appealing, only 237 would be available for that purpose. All of these would be needed to handle the doubling of the size of the Job Corps, which requires significant numbers of Federal employees to assign, schedule, and arrange transportation for the disadvantaged youth filling the 22,000 training slots being added to the program. No additional staff would be available to negotiate and sign agreements, monitor progress, and overcome problems in the expansion of the public service employment program, the HIRE program for veterans, new youth programs, apprenticeship initiatives, and special programs for migrants and Indians. He is seeking the added 100 (averaging 10 per region) to add to resources being diverted from on-going programs for these purposes.

The workers' compensation program for Federal employees has been a trouble spot for several years. It takes an inordinate time for the Department to determine whether claimants deserve benefits. There is little follow-up to see if determinations were made correctly or if those receiving benefits still need them. A detailed study last year developed a plan to improve administration of the program, and a workload measurement system showing what staff levels were needed to handle workload. The need for the 71 positions was based on that plan and workload measurement system.

The Secretary indicates that other areas in the Department (after the reductions he has already made from his planned employment) are of even higher priority than these two, pointing out large worker complaint backlogs in minimum wage, labor-management relations, and pension programs. He did not mention that the Senate Appropriations Committee action on his 1978 appropriation would add 350 people above his previous plans for black lung claims handling and occupational safety and health inspections.

II. Request for 166 new positions

A rising number of worker petitions, exceeding the projections made in the budget, has overwhelmed the staff assigned to investigate and determine whether increased imports contributed importantly to a decline in a firm's sales or production leading toward layoff of the workers. The law requires the determination to be made in 60 days; the time lag is now approaching 6 months. A recent management engineering study of the Department's process has determined how many people are needed to handle given numbers of petitions. Based on its projections of new worker petitions, the Department asks for 150 people, plus 5 lawyers to review determinations for legal sufficiency. In addition, the Trade Act directs the Bureau of Labor Statistics (BLS) to initiate statistical series to show the relation between imports, domestic production of similar commodities, and employment. The Department asks 11 people to initiate such series. (Note: the Secretary reduced planned employment in BLS by 101 under the new ceilings, which will hinder if not prevent previously approved improvements in other statistical series.)

III. OMB Comments

Appeal. We sympathize with the Secretary's appeal. There is no doubt in our mind that it will be extremely difficult, and in some cases not possible, to handle his rising workloads without backlog increases that could raise problems for individuals seeking aid and cause difficulties with labor groups and the Congress. However, he has not added to the basic information available to us and summarized for you before the personnel ceilings were assigned. We cannot say that the Department of Labor is in a worse position than other departments and agencies. Giving relief here could increase pressures from others for similar relief. Moreover, DOL's full-time permanent ceiling is 16.3 thousand in 1977 and 16.2 thousand in 1978 compared to an actual of 15.5 thousand at the end of May. Monthly turnover has been running between 200 and 300 since December. Although it is a difficult administrative job to capture vacancies as they occur and assign them to higher priority activities, and recruiting is delayed by such a process, with effort it can be done. Since the appeal relates only to the 1978 ceiling we do not think it is necessary to grant relief so early. We will monitor experience under the ceiling over the next few months.

New request. The new request is somewhat different, since it involves an area in which you have publicly expressed concern. Prompt determination of workers' eligibility for trade adjustment assistance is not occurring. Delays could hamper your efforts to use such assistance as an alternative to import relief. Reassigning positions to this increased activity would require at a minimum a reprogramming request to the Congress. However, the Secretary, in his allocation of the new ceiling, has already reduced the ceiling for Departmental Management (within which this activity is conducted) almost to on-board strength. The request for BLS is less programmatically promising, because of difficulties with the basic data on imports and domestic production. Again, however, the political problems in the trade area may warrant approving the attempt to comply with a specific direction in the law.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

20 JUN 1977

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

The Office of Management and Budget has informed us of the revised employment ceilings which are being assigned to the Department of Labor for Fiscal Years 1977 and 1978. According to the information we have received, the Department's full-time permanent employment ceiling is to be reduced by 547 in Fiscal Year 1977 and 813 in Fiscal Year 1978. I have thoroughly reviewed and analyzed these reductions to determine their immediate and potential impact on the Department's ability to effectively operate and administer the many programs for which it is responsible. My analysis included consideration of the assumptions underlying the OMB recommendations and alternative sets of reductions developed by my staff. This review has resulted in my concluding that I must request restoration of a portion of the reductions proposed for Fiscal Year 1978.

I fully share your concern that the level of Federal employment be held to the absolute minimum, consistent with the need to provide services required by law in a timely and efficient manner. The Department is faced with the need to implement the economic stimulus and new youth program quickly and efficiently, process increasingly large volumes of workers' compensation claims, and reduce large worker complaint backlogs in the minimum wage, labor-management relations and pensions programs. These are the high priority programs for which expanded employment is required.

In reviewing the proposed ceiling reductions, I have made every effort to make the reduction in non-direct program operations. As the enclosed table indicates, I am making substantially larger reductions than those proposed by the OMB Staff in the area of departmental management. I had hoped to make even larger reductions in departmental management by eliminating the Regional Director positions, but I have run into such Congressional interest that I will have to continue a departmental level presence in our regional offices. In addition, I need to provide staff to plan the Department's efforts in the Welfare Reform Program. This need had not been built into our original ceiling requests. I will also have to forego needed improvements in a number of the Department's statistical programs, many of which are important to the development of national economic policy. With all of these additional reductions, which I have reallocated to welfare reform planning and the economic stimulus program, I honestly believe that the Department has an inadequate employment ceiling for 1978 for effective implementation of the economic stimulus program and operation of the workers' compensation program to provide benefits provided by law to injured workers in a timely fashion. For these programs, I am requesting the restoration of 171 ceiling spaces in 1978. Of this number, 100 spaces would be assigned to implementation of the economic stimulus program and 71 to workers' compensation program. OMB staff had assumed that these positions could be reprogrammed by reducing staffing of the Veterans Employment Service by 100 and by eliminating 71 positions through abolishment of the Women's Bureau.

I am very concerned about the proposed reduction of 71 ceiling spaces in the Women's Bureau. The effect of this reduction, I am sure you are aware, would be the abolishment of the Women's Bureau. I believe that the Women's Bureau has an important role to play in the Department and that its programs are high priority. For that reason, I appointed Alexis Herman as Director of the Bureau. She can provide the leadership necessary to ensure that the Department is giving adequate attention to sex discrimination and targeting programs to the special needs of women. Women are becoming a much higher percentage of the work force and have special problems which must be considered in developing and implementing the Department's programs. I am redirecting the efforts and programs of the Women's Bureau and it will play an important role in designing welfare reform, education and training programs and occupational safety and health regulations. For these reasons alone, I would oppose abolishing the Women's Bureau, although there are other considerations which would make such an effort a drastic mistake. Such

an effort would be opposed by women's organizations and civil rights organizations alike, not to mention opposition by the Congress. We stand to lose much more by the proposed elimination of the organization than we could ever gain through the resulting reduction in Federal employment, as it would imply that we are insensitive to the continuing problems of a major segment of the workforce.

With respect to the proposed 300 ceiling reduction in the Employment and Training Administration, I must appeal for restoration of 100 of the proposed 300 ceiling decrease. When the economic stimulus program was approved, you granted 537 additional positions to implement the program. Under the revised ceiling only 237 positions, or less than half, would be available to implement the program. That number of staff simply is inadequate. The doubling of the Job Corps alone will require all of the positions in the revised allowance and no staff will have been provided for the expansion of the PSE program, other youth programs, apprenticeship initiatives and special program for migrants and Indians. The revised allowance assumed that 100 positions could be diverted from the Veterans Employment Service, but this is not possible at this time for the following reasons.

First, the level of staffing for the Veterans Employment Service is mandated by the Vietnam-Era Veterans Readjustment Assistance Act of 1972, as amended. A legislative change would be required to implement the reduction. Second, the timing of recommending such a change could hardly be worse. This week you initiated the HIRE program enlisting the support of industry leaders to hire unemployed veterans. Any proposal to eliminate VER positions could be seen as a breach of faith and confidence by and for the plight of our unemployed veterans even though the proposal would be to change the mix between the level of Federal and State resources devoted to the program rather than proposing a reduction in the level of effort directed to the program. Any such proposal will generate severe criticism from the Congress and veterans' organizations. Therefore, I would suggest that we postpone proposing any such legislative change for at least a year until the unemployment situation for Vietnam-Era veterans, hopefully, will have improved and our special emphasis programs have been terminated. For this reason, I am requesting restoration of the 100 ceiling spaces for 1978 and deferring the necessary legislative change required until 1979. To do otherwise means that the absolute minimum resources necessary to implement the economic stimulus program will not be provided and substantially increases the risks of improper implementation which could be embarrassing to the Administration.

In summary, I am requesting restoration of the proposed reduction of 171 employment ceiling spaces associated with these two functions. A table reflecting my proposed distribution of the employment ceiling reduction compared to that proposed by OMB is enclosed. I will be happy to meet and discuss this appeal with you at your convenience.

Respectfully,

Ray Marshall

Secretary of Labor

Enclosure

THE WHITE HOUSE

WASHINGTON

Dear Ray:

I have carefully considered your letter of June 20 seeking reconsideration of the personnel ceilings I recently assigned to the Department of Labor. I have also considered your request for additional people and supplemental appropriations for trade related activities.

I very much appreciate the serious effort you are making to reduce the number of employees you had planned to have in the Department of Labor. However, I am determined to fulfill my promise to the American people to hold down Government employment. This can be done only if we all stick to the personnel ceilings, with only the rarest exception because of unforeseen circumstances.

I am convinced that the new ceilings can be achieved without diminishing the service the people deserve. In fact, that service should be enhanced by the elimination of the red tape caused by excessive layering and other unnecessary overhead positions. I know it is a tough managerial job, but I am sure you can bring it off and am therefore not providing the relief you requested in your June 20 letter.

The request you made for added staff to speed processing of trade adjustment assistance petitions is a different matter. The increasing number of petitions in an area so important to one of our major policy efforts constitutes an unforeseen circumstance justifying an exception to the ceiling. I have, therefore, instructed Director Lance to increase your 1977 and 1978 personnel ceilings by 57 full-time permanent slots and your 1977 ceiling by an additional 25 temporaries. He will also prepare the supplementals for me to send to the Congress if the latest review of your financial situation shows they are necessary.

Sincerely,

Honorable Ray Marshall
Secretary of Labor
Washington, D.C. 20210

DRAFT
6/27/77

Honorable Ray Marshall
Secretary of Labor

Dear Mr. Secretary:

I have discussed with the President your appeal for a restoration of 171 people in your 1978 personnel ceiling and for an increase of 166 more for handling Trade Adjustment Assistance petitions and for initiating statistical series on trade and employment.

The President is very appreciative of your efforts to reduce the number of employees you had planned for the Department of Labor. He fully recognizes that cutting out excessive positions is a tough managerial job. However, he is convinced that when that job is done, the Federal Government will be in better shape to provide the services the people need more effectively as well as more efficiently. Since the pressures to avoid taking the hard steps necessary are great, he cannot, by providing relief from his current employment ceilings, remove any of the counter pressure he is exerting.

We cannot, from our position, pinpoint the actions you might take to eliminate those jobs which do not really contribute to the accomplishment of your mission. That can only be done by dedicated managers at all levels. However, it does appear that the number of vacancies now existing in the Department,

and the 200-300 monthly separations that have been occurring over the past few months, do provide the opportunity for a selective reallocation of positions (released by cutting out excessive layering or other overhead) into the areas you have identified as needing additional people. Such careful work could well solve the problems you fear in implementing the economic stimulus programs, handling workers' compensation claims, and speeding up processing of workers' trade adjustment assistance petitions.

Sincerely,

Lance

6584
JUL 7 REC'D

Date: July 6, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat
Jack Watson

FOR INFORMATION:

Landon Butler

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Lance's memo dated July 5, 1977 re Secretary Marshall's request for increases in his personnel ceilings.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 Noon

DAY: Friday

DATE: July 8, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☒ No comment.

Please note other comments below.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material please telephone the Staff Secretary immediately (Telephone 7052).

U. S. DEPARTMENT OF LABOR

June 10, 1977

Distribution of FY 1977 and FY 1978 Employment Ceiling Reductions
Full-Time Permanent

Agency	Fiscal Year 1977					Fiscal Year 1978				
	Department Request	OMB Proposal		DOL Alternative		Department Request	OMB Proposal		DOL Alternative	
		Reduction	Revised Ceiling	Reduction	Revised Ceiling		Reduction	Revised Ceiling	Reduction	Revised Ceiling
Employment and Train- ing Administration....	3,939	-150	3,789	-117	3,822	3,982	-300	3,682	-137	3,845
Labor-Management Services Administra- tion.....	1,477	---	1,477	-20	1,457	1,541	-20	1,521	-20	1,521
Employment Standards Administration.....	3,225	-50	3,175	-50	3,175	3,225	-151	3,074	-80	3,145
Occupational Safety and Health Administration.	2,657	-100	2,557	-70	2,587	2,657	-70	2,587	-70	2,587
Bureau of Labor Statistics.....	2,342	-71	2,271	-85	2,257	2,287	-87	2,200	-101	2,186
Departmental Management.	2,634	-105	2,529	-105	2,529	2,756	-107	2,649	-159	2,597
Subtotal	16,274	-476	15,798	-447	15,827	16,448	-735	15,713	567	15,881
Pension Benefit Guaranty Corporation.....	571	-71	500	-100	471	571	-35	536	-75	496
Unspecified.....	---	---	---	---	---	---	-43	-43	---	---
Total, Department of Labor.....	16,845	-547	16,298	-547	16,298	17,019	813	16,206	-642	16,377

THE WHITE HOUSE
WASHINGTON

July 11, 1977

Jim Fallows -

The attached was returned in
the President's outbox. It is
forwarded to you for your
information.

Rick Hutcheson

Re: Cigarette Advertising

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN.

8 July 1977

INFORMATION

TO: THE PRESIDENT
FROM: RICK HUTCHESON
SUBJECT: Memos Not Submitted

3. JIM FALLOWS MEMO on cigarette advertising. Jim points out that 80,000-100,000 die each year from lung cancer and emphysema (vs. 400 deaths a year "if the most alarming estimates of the dangers of saccharin were true.") Jim recommends:

- a. resuming the campaign of anti-smoking commercials
- b. using moral suasion against ads which glamorize smoking
- c. extending bans on smoking in public places
- d. reallocating some or all of the current tobacco subsidy
- e. raising the federal tax on cigarettes
- f. message to Congress discussing possible solutions

Jim also included a copy of his 1976 article, "The Cigarette Scandal." Staff comments:

Bourne: endorses Fallows memo, and would be happy to pursue this issue, but doubts whether Jim's solutions would actually reduce cigarette consumption. Peter says he is promoting development of the "safe cigarette."

OMB: would be glad to pursue the issue, with Eizenstat's staff, but observes that the issues of the cigarette tax and tobacco subsidy are extremely controversial. Watson and Congressional Liason also note the fierceness of the tobacco lobby, resistance by tobacco state congressmen to any interference with the tobacco subsidy; Jack says: "surfacing with this program... might throw a number of high-priority items off the track."

Eizenstat: shares Fallow's concern with the problems of smoking, but is not sanguine about what the government can do. "I would be pleased to work with Jim in establishing a working group, including certain agencies, to examine the legal, economic, health and political issues involved in Jim's suggestion. I understand that OMB concurs in the creation of such a group."

RECOMMENDATION:

- that I hold Jim Fallow's memo until his recommendations are thoroughly staffed; and
- that Eizenstat establish a working group, to include Fallows, Bourne, OMB and other affected agencies/persons to thoroughly assess the issues and report back to you on what, if any, initiatives your Administration should undertake in this area.

_____ approve _____ disapprove

*Jim not ready
to open up this
fruitless debate. let
FDA handle
J*

THE WHITE HOUSE
WASHINGTON

C

THE PRESIDENT HAS SEEN.

INFORMATION

8 July 1977

TO: THE PRESIDENT
FROM: RICK HUTCHESON *R-H*
SUBJECT: Memos Not Submitted

1. HUGH CARTER MEMO in reference to your comment that you "have no confidence in the mail analysis." Hugh explains that the first day's response to your B-1 decision was 3:1 in favor of your decision; the statistical tally of mail for the week of 7/1/77 ran 10:1 against production of the B-1. Hence, there was no contradiction. ✓
2. LIPSHUTZ MEMO forwarding a memo from Morris Abram, "Why Portions of the American Jewish Community are Concerned with the Present Posture of US/Israeli/Arab Relations." Brzezinski, Vance and Eizenstat have copies. *to me*
3. JIM FALLOWS MEMO on cigarette advertising. Jim points out that 80,000-100,000 die each year from lung cancer and emphysema (vs. 400 deaths a year "if the most alarming estimates of the dangers of saccharin were true.") Jim recommends:
 - a. resuming the campaign of anti-smoking commercials
 - b. using moral suasion against ads which glamorize smoking
 - c. extending bans on smoking in public places
 - d. reallocating some or all of the current tobacco subsidy
 - e. raising the federal tax on cigarettes
 - f. message to Congress discussing possible solutions

Jim also included a copy of his 1976 article, "The Cigarette Scandal." Staff comments:

Bourne: endorses Fallows memo, and would be happy to pursue this issue, but doubts whether Jim's solutions would actually reduce cigarette consumption. Peter says he is promoting development of the "safe cigarette."

OMB: would be glad to pursue the issue, with Eizenstat's staff, but observes that the issues of the cigarette tax and tobacco subsidy are extremely controversial. Watson and Congressional Liason also note the fierceness of the tobacco lobby, resistance by tobacco state congressmen to any interference with the tobacco subsidy; Jack says: "surfacing with this program... might throw a number of high-priority items off the track."

Eizenstat: shares Fallow's concern with the problems of smoking, but is not sanguine about what the government can do. "I would be pleased to work with Jim in establishing a working group, including certain agencies, to examine the legal, economic, health and political issues involved in Jim's suggestion. I understand that OMB concurs in the creation of such a group."

RECOMMENDATION:

- that I hold Jim Fallow's memo until his recommendations are thoroughly staffed; and
- that Eizenstat establish a working group, to include Fallows, Bourne, OMB and other affected agencies/persons to thoroughly assess the issues and report back to you on what, if any, initiatives your Administration should undertake in this area.

_____ approve _____ disapprove

*Jim not ready
to open up this
fruitless debate. let
FDA handle
J*

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

July 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *Jim*
SUBJECT: Cigarette Advertising

I am taking the liberty of lobbying you on an issue I feel very deeply about.

I realize that the tobacco and cigarette industries deserve fair treatment, and that they have substantial political force. Still, I believe there are steps you can take which are fair to those interests--steps I believe the government must take in light of the following facts:

1) The number of deaths directly attributable to smoking (through lung cancer and emphysema--lung cancer is virtually unknown among non-smokers) is between 80,000 and 100,000 per year. For each person who dies of lung cancer or emphysema, the Surgeon General has estimated that four to six others die of indirect effects of smoking (for example, heart disease, which is twice as likely to kill smokers as non-smokers).

By way of comparison, if the most alarming estimates of the dangers of saccharin were true, that would mean about 400 deaths a year.

2) The rate of all cancers--but especially lung cancer--has gone up faster than ever during the 1970s.

3) There is virtually no dispute among health experts that the single most effective way to improve the national health--and cut the cost of medical care--would be to reduce smoking.

-- As one illustration of smoking's effect on costs, a heavy proportion of chronic patients in VA hospitals are there not because they were injured in action, but because they have lung cancer or emphysema.

4) Smoking among young people is booming. These are the people who, unlike adult smokers, still have a chance to avoid the habit. People who start smoking at age 15 are five times as likely to die of lung cancer as those who start at 25.

5) Cigarette advertising is also booming. Last year cigarette companies spent \$400 million on newspaper, magazine, and billboard ads--33 per cent more than in 1970, the last year that television ads were permitted.

I do not believe that smoking should be prohibited, that adults should be forced to quit, or that advertisements should be banned. Even if the government had any business extending such paternalistic protection to adults, it would not work.

But we do have a business doing two other things: making it easier for those who want to quit, and--by far the most important--doing everything possible to prevent children from beginning a habit whose consequences they cannot possibly understand.

I suggest that you consider, and have Stu study, some of the following steps:

1) Resuming the campaign of anti-smoking commercials.

When these ads were run on TV, under the Fairness Doctrine, they were more effective than the commercials pushing cigarettes. Most anti-smoking groups would be happy to let cigarette ads back on TV if the anti-smoking ads came too. The real impact of these ads was to deny smoking its air of sophistication; ads like the famous "coughing cowboy," which showed the Marlboro Man laid low with lung disease, got across a message that no cancer-death charn can.

If we invested a modest amount of money in buying TV time for such commercials, I am sure that we would see a better dollar-for-dollar return in disease prevention and improved health than from any other expenditure we might make.

2) Using the moral suasion of your office against advertisements which glamorize smoking.

As you know, there are two categories of cigarette ads these days: those that list the tar and nicotine content, and those that link smoking with glamor, sophistication, and sex. There may be a defense for the first, but certainly not for the second--especially since it is so widely agreed that most young people start smoking because they want the sophistication the ads offer.

From my days as a journalist, I know there is a widespread edginess in the industry about the bonanza it's gotten from the tobacco companies. (I am attaching an article I once wrote on precisely that theme.) The most common defense is that as long as a product is legal, the free press has a duty to accept its ads. If you pointed out that there is a difference between the two kinds of advertisements, and that publishers can--and should--legitimately turn down one and accept the other, you might have a significant effect.

3) Extending more broadly the bans on smoking in public places--such as airlines, hospitals, schools, and theaters. Not only does this protect non-smokers from "sidestream" smoke, which is higher in carcinogens than what the smoker inhales, but also, by making it harder to smoke thoughtlessly, may in the long run help people who want to quit do so.

4) Reallocating some or all of the current tobacco subsidy, to help tobacco farmers earn a living growing something else.

5) Raising the federal tax on cigarettes. One scheme you might consider would be this:

First, set a ceiling on state cigarette taxes--say, 5¢ per pack higher than the highest level any state now imposes. Second, say that the total of federal plus state taxes would be the same all over the country--say, x¢ per pack. Not only would this reduce the incentive for bootlegging cigarettes from low-tax states to high-tax ones, it would also win support in low-tax states like North Carolina, where the state government could jack the taxes up, and take in a lot more money, at no political cost.

6) A Message to Congress discussing the program and suggesting possible solutions.

The Cigarette Scandal



by J

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Photographs by Danny H. Walker

The reflect ment later, as news I had bee

James Fallows
The Washington

by James Fallows

While idling away the hours last New Year's Eve, I was watching a documentary about Brazil on public TV. During the intervals when most other stations run commercials, this one paid its moment of homage to the oil companies, then cut to a strange aquatic scene. A team of trained dolphins was swimming around in a tank. On signal, they leaped up, one after another, and plucked burning cigarettes from the mouth of a trainer suspended over the water. My initial shock—of apprehension, that the dolphins would burn their bottle-noses—soon gave way to a shock of nostalgic recognition. So this was one of the old anti-smoking commercials! This was where they had gone. A little ditty was playing in the background, urging citizens to say "You Mind Very Much If They Smoke." The ad ended in a freeze-frame sequence as a dolphin, with an uncharacteristically vicious expression on its face, ripped a cigarette from the lips of its startled trainer.

What memories the ad called up! I sat for a moment in reveries about the anti-smoking spots that used to run on television before the Federal Trade Commission took both pro- and anti-cigarette commercials off the air in 1971. Cowboys had been laid low by racking coughs; withered old crones had rasped out "Smoking Is Sexy," between drags on a cigarette. The cancer experts thought that the genius of Madison Avenue was beginning to help them make headway against the habit.

The reflection turned sour a moment later, as I recalled some of the news I had been reading more recently

in the paper. Just a few weeks earlier, doctors had started using words like "epidemic" to describe the worst cancer reports in years. The government announced in November that the death rate from cancer was going up five times faster than usual in 1975, largely because of a big boom in lung cancer. As *Time* put it in describing the report, "lung cancer must take a large share of the blame. The American Cancer Society reports that lung cancer next year will kill an estimated 65,200 men and 18,600 women—2,800 more victims than last year. Ironically, unlike other forms of the disease, lung cancer is largely preventable. At least 80 per cent of the cases appear to be the direct result of cigarette smoking."

A touch of the grotesque was added a few pages later, when, on its back cover, *Time* bade its readers adieu with a full-page ad for Tareyton—only one of several four-color spreads from the tobacco industry spaced throughout that issue. What, in the name of God, was going on here? Had the campaign against smoking really reached the silly level of leaping dolphins, while lung cancer was making people drop like flies? By what marvels of self-justifying sophistry was *Time* warning its readers about cancer on one page and turning its ad space over to the hucksters who proclaimed that L&D was "The Proud Smoke"? Was there some hidden explanation for all this that I had somehow missed?

Spurred by a perverse fascination, I looked further into the world of the cigarette and discovered that its ironies were even more ghoulish than they initially seemed. Quite a lot has happened in the five years since the FTC took the ads off television and

Fallows is a contributing editor of *Washington Monthly*.

the press stopped paying attention to the hazards of smoking. The high points are these:

First, more people are dying from lung cancer than ever before, and medical science keeps discovering new and more appalling ways in which cigarettes can be fatal. Second, cigarette sales are booming—up 30 per cent since 1969—and more youngsters are acquiring the habit than ever before. Third, public policy about smoking, which once tried to help smokers stop and keep kids from starting, has taken a different tack. All the clamor about smoke-free zones and protection for the non-smoker has, in effect, told those who do smoke, “Go ahead and kill yourself, you dumb asshole, but don’t do it on the elevator.” And fourth, the magazines and newspapers, prominent moralizers that they were about getting cigarette ads off the airwaves, have picked up virtually all the advertising money that used to go to television.

The Epidemic

Since the perils of cigarettes have been a boring topic for the press in the last few years, the recent scientific data comes as a surprise. To begin with, there have been two epidemiological developments of particularly ugly significance. The first, connected with the trend reported in *Time*, is the epidemic of lung cancer which has apparently just begun. Even though many thousands of people have quit smoking in the last ten years, more and more die of lung cancer each year. This is a perfectly predictable, statistical result of previous trends.

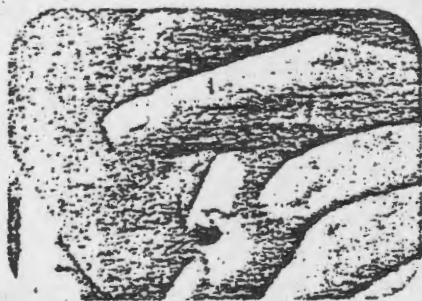
At the beginning of this century, when cigarettes were still an esoteric taste, the mortality rates from lung cancer were about one or two people per 100,000. Most of those who died were elderly, having developed the disease at the end of a long life; few were in their forties or even fifties. Then, around the time of World War I, more men began smoking, both in

America and elsewhere in the world. For a while, there was no dramatic difference in the mortality rates. That was because lung cancer, like most other forms of the disease, requires a certain “latency period” between exposure to the carcinogen and active growth of the malignancy.

The latency period for lung cancer seems to be something like 20 years. In 1934, roughly 20 years after the smoking boom, the mortality rate from lung cancer among men was 5.3 per 100,000. By 1940 it had nearly doubled, to 9.4, and ten years later had nearly doubled again, to 19.5. Ten years after that, in 1960, the mortality rate had risen by another 90 per cent, to 36 per 100,000; by 1969, it had increased by yet another 80 per cent, to 63.

As the cancer boom picks up steam, women will play a prominent part. The authors of an article called “The Changing Epidemiology of Lung Cancer—Increasing Incidence in Women” reported in *Medical Clinics of North America* last March, “Mortality rates for men with lung cancer began rising sharply in the 1930s, approximately 20 years after significant numbers of men began smoking cigarettes. The mortality rate for women is now similar to that of men in 1930.” Women smokers protect themselves, relatively speaking, by smoking fewer cigarettes each day than men, inhaling less deeply and choosing brands with less “tar”; nonetheless they are catching up. *The New York Times* reported, in its article on the cancer boom, that scientists feel it represents the “mushrooming of a long-forecasted epidemic of lung cancer among women.” (Not far from that story, the *Times*, too, ran a number of enormous cigarette ads.) “Most of the increase we’re seeing now is from women who took up smoking after World War II,” says Donald Schopland of the government’s anti-smoking organization, the National Clearinghouse for Smoking and Health.

So few people ever recover from the disease that the statisticians' debates—about whether the survival rate is one per cent or four per cent—seem more grotesque than significant. "It's a quite quick death, but it is expensive and can be very painful," says Schopland. "The cancer may spread to the pancreas or brain." The damage does not stop with the victim himself. "Eighty per cent of the families which have a premature cancer victim of this sort have severe emotional problems," says Dr. Ronald Glasser, the author of *365 Days* and a recent book about cancer. "The family's finances are ruined. The kids develop psychological problems, obesity, truant behavior, anger at their parents—you name it."



Callous as it may seem to consider it, there is even a cost that extends beyond the family. During the year it may take a victim to die of lung cancer, his medical expenses may exceed \$10,000; the annual cost for treating victims of lung cancer is by some estimates as much as \$7 billion. The family pays, until it can pay no more, but the expenses still go on. "Somebody has to pay for all of this, and it is you and me," Dr. Glasser says. "We pay through our insurance rates, we pay through our taxes."

This sort of epidemic, to repeat, will continue for at least another generation, no matter what we do about smoking. But the second piece of news from the statisticians, even cheering in its implications, is that another generation of cancer victims may be on the rise. Last September the *American Journal of Public*

Health published an article called "The Growing Epidemic: A survey of smoking habits and attitudes toward smoking among students in grades 7-12. . . ." The subtitle conveyed its gist: "The increased smoking among boys and particularly girls in a recent seven-year period is of epidemic proportions." In the region selected for study, the researchers found that the percentage of boys who smoked had risen from 21 to 30 between 1964 and 1971. Among teenage girls, the increase was even greater, from 12.8 per cent in 1964 to 25.7 per cent in 1971.

"It looks neat. . ."

A broader national study, conducted by the National Clearinghouse, differed somewhat in the details but concurred about the trend. According to this study, 18 per cent of the boys aged 15 and 16 smoked in 1974, while 31 per cent of the slightly older boys, aged 17-18, were also regular smokers. Both of these percentages were slightly higher than in 1968. Among girls, the increase had been phenomenal. In 1968, less than one per cent of the girls aged 12-14 were regular smokers; in 1974, it was nearly five per cent. For those aged 17-18, the rate rose from 18.6 per cent to 25.9.

"Nobody really knows what is going on," says Donald Schopland. "Since so much of the increase has been among girls, there is some speculation that it has something to do with the women's liberation movement. We hope to find some of the keys when we do another attitudinal study." The attitudinal studies which the government has already conducted do not provide clear-cut answers about this new epidemic of smoking, but they contain several pieces of provocative information. One is that a good many of the young smokers count on quitting later on. The vast majority of the teenagers—90 per cent, in some studies, both smokers and non-

smokers—believe that smoking is harmful. Of the children who smoke, about half say they will not be smoking five years from now. These findings accord perfectly with every common-sense notion of why teenagers smoke. In that painful period of maximum awkwardness and minimum security, youngsters grab whatever mask they can in hopes of acquiring a suave, or at least not humiliating, identity before their friends. The mask may be organizational, it may consist of the right circle of friends, it may be a passion for a hobby or a sport. Often it is smoking.

In January, *The Washington Post* carried this report on students who smoke at one local high school: "They say they started to smoke cigarettes in junior high school at age 11 or 12. 'It just used to look nice,' says Bonnie, 16. 'Now it's just a bad habit.' 'It looks neat the way it comes out of the corner of your mouth,' says Peggy, 16. . . . 'I don't carry cigarettes,' says Linda, 16. 'But I go outside after lunch and somebody offers me one and it just looks so leisurely and nice.'"

The Victims

Most teenagers don't intend to acquire a lifelong addiction, any more than they intend to spend the rest of their lives as football players or cheerleaders. They are looking for a temporary prop and are surprised to find themselves with a permanent burden.

The attitudinal surveys reveal one other surprising fact—a class division between smokers and non-smokers. Since the release of the Surgeon General's report there has been a clear correlation between education and smoking for adults. The more education a person has, the more likely he is to have quit smoking, if he ever smoked to begin with. The same stratification is now visible in high school. Twice as many of the teenagers who held jobs smoked as those who confined themselves to school-

October 19: *Medical progress note. Diagnosis: Lung cancer. Biopsy diagnosis: Bronchial biopsy, squamous cell carcinoma; metastatic spread to bone and liver.*

"It was just a routine physical, the doctor took a chest X-ray and saw this shadow near the top of his lung. He sent us to a thoracic surgeon who tried to be nice, but we knew. He said that Herb needed a biopsy and so we had him admitted to the hospital the next day, and they did a biopsy. It was lung cancer."

October 20: *Due to severe unrelenting bone pain, have increased Demerol. . . new bony lesions of the spine, lumbar vertebrae L1 and L2, visual on X-ray bone survey.*

"Herb took it very well. Dr. Brown said that if things went well, Herb would have six to eight months. . . . We talked and Herb said how lucky he really was to have time to put all his things in order. . . . that. . . that many men don't have that. He talked of a few people he knew, businessmen, who had had heart attacks without. . . without. . ."

November 9: *Erosion of lumbar spines have continued with neurological involvement of spinal cord.*

work. Among boys aged 17-18, 40 per cent of those who took vocational courses smoked, compared to 20 per cent of the boys taking a "college preparatory" curriculum. In a way, it is surprising that smoking among children of the middle classes has not picked up more than it already has. For years their parents have been so terrified of losing their children to marijuana or the sirens of sexual promiscuity that they regard cigarettes almost with a sigh of relief. In terms of demonstrable physical danger, of course, cigarettes are by far the most hazardous of the group.

Apart from these statistical developments, there have been several

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Patient now has loss of rectal and bladder function; neurosurgeons consulted. Their recommendation due to patient's terminal condition is to do nothing. Patient becoming hostile; have changed pain medication from Demerol to morphine.

"It's difficult to know now what was really the hardest. I think if it would have lasted much longer, we would have really had trouble with our oldest boy; towards the end, he stopped studying and would just sit in his room. Our youngest child was first bewildered and I think angry that I was spending so much time at the hospital."

November 16: *The patient is unable to keep down any food. Have begun IV therapy, patient is becoming very withdrawn.*

"And to tell you the horrible truth, at the end I could barely bring myself to even walk into his room; don't think poorly of me, please don't, but once, just once, I didn't go.... I stayed home... he looked so terrible and tried so hard to show how it didn't hurt... I just stayed home and cried..."

*—from The Body As Hero
by Ronald Glasser, to be
published by Random House
in April.*

recent additions to the canon of medical horrors caused by smoking. The general catalog of diseases caused or aggravated by smoking is too long and familiar to bear repeating, but too important not to mention briefly. For at least ten years, most doctors have agreed that smokers are about ten times as likely to die of lung cancer as non-smokers; nine times as likely to die of cancer of the mouth and pharynx; six times as likely to die of emphysema and cancer of the larynx; four times as likely to die of cancer of the esophagus; and they are much more likely to die of coronary heart disease. In 1965, when only 40,000 people died of lung can-

cer, the Surgeon General, Dr. Luther Terry, estimated that 240,000 people would die prematurely of disorders related to smoking. If the same proportions hold today, more than half a million people will die this year because of cigarettes. This is ten times as many Americans as were killed during the entire course of the Vietnam war.

Two other items might be added. In the wave of concern about environmental and occupational carcinogens, bladder cancer has played a prominent role. It was bladder cancer which workers in dye and pesticide plants contracted and which caused the government to shut down the plants; and it was because cyclamate sweeteners, when fed in enormous doses to experimental animals, produced bladder cancers that they were removed from the market in 1969. But according to recent medical articles, the primary cause of bladder cancer these days is not pollutants or occupational hazards, but cigarette smoking. The assorted carcinogens present in cigarette smoke do not act solely on the lungs, but are also absorbed into the blood stream and eventually pass through the kidneys. While contained in the urine, they are stored for several hours at a time in the bladder, where they may eventually produce tumors.

The second item concerns the effects of smoking on the smoker's own offspring. Doctors have long understood that if a mother smokes while pregnant, her baby is more likely to be aborted or stillborn, and if it does survive it is likely to be smaller and weaker than if she had not smoked. Cancer is a surprisingly frequent cause of death in children—between the ages of one and 15 it kills more children than any other disease. Some doctors have speculated that the carcinogens in cigarette smoke may enter the mother's bloodstream, pass through the placenta into the infant's system, and leave the baby predisposed to cancer from the moment it is born.

Thirty years ago, popular culture presented a distinct and quite flattering picture of the aura of a cigarette smoker. Anyone could look at the silver screen and see Bogie standing there with a cigarette dangling from his lip, the very embodiment of rough, tough worldly wisdom. When Edward R. Murrow began appearing on "See It Now," he was constantly at work with his cigarette, a cool, debonair chain-smoker. For those of a different taste, Albert Camus was hardly photographed without a Gauloise planted in the corner of his mouth. GI Joes smoked in the ranks; somewhat earlier, George Orwell had written in *Homage to Catalonia* about the camaraderie of a cigarette in the trenches. With the brilliant slogan, "Reach for a Lucky Instead of a Sweet," the advertisers equated cigarettes with attractiveness. The effect was so widespread and persuasive that the cigarette companies have been trying to recreate it ever since, with the Marlboro cowboys and the suave smokers of Benson and Hedges.

Now the members of this generation are in their late forties and upwards. If experience and logical self-interest were all it took to change behavior, they would have stopped smoking in droves, for the changes they have seen have been chilling. The two heroes most clearly identified with cigarettes, Bogart and Murrow, died one after the other, both of lung cancer. The Surgeon General's report came out in the early sixties, and soon afterwards the prevailing popular attitude began to change. Instead of thinking that smokers were chic, people began to think that smokers were stupid. When the smokers have visited their doctor, he has told them to stop for the sake of their heart, or their lungs, or their pharynx. Apart from the handful of cigarettes they savor with their morning or evening coffee, the two or three dozen others they consume each day do not even confer any real pleasure. They don't need to ask their doctor when they first see blood in the sputum, because

they already know what it means. But still they have not been able to stop.

Some have, of course. The first identifiable group to do so was the doctors, whose percentage of smokers dropped from 60 to 20 per cent during the 1960s alone. But millions of other people still feel themselves imprisoned; according to some studies conducted during the late sixties, 80 to 90 per cent of the adults who smoke wish they could stop. By now, some of these people have died or developed cancers. Others may already be doomed. But a substantial number could still be helped, if only they could break the habit. Within a few weeks of the time a smoker stops, the extra risk of coronary disease decreases. Because of the years of exposure, his prospects for cancer are



harder to determine, but if a smoker makes it through ten years after quitting the habit, his chances from that point on are statistically the same as if he had never smoked.

While these smokers have been desperate to quit, the government has been fighting its gigantic "War on Cancer." Grants are granted, research conducted; viruses are hunted down in their lairs. On cancer research of this kind the government spent hundreds of millions last year. As a result of this research, a smoker who gets lung cancer has the comfort of knowing that he may survive for 18 months instead of a year. Meanwhile, a handful of small change is devoted to the two steps that could keep people alive for an extra ten years instead of an extra six months—helping smokers quit and preventing children from starting. In the whole cancer budget,

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there is virtually nothing set aside for these purposes. From a humanitarian point of view this is brutal; from a practical point of view it is wasteful. If the war on cancer is really intended to save lives, then the focus should change toward helping smokers quit and keeping children from starting.

So that there will be no mistake, I am not talking here about denying cigarettes to adults who want them, or engineering another burst of Prohibition. I am speaking only of people who do want to quit, and of what might be done to help them. Specific prescription is difficult in this area, since people smoke for so many different reasons and since cures have had such limited success. Hypnosis may work wonders for some people; for others, little habit-breaking tricks may ease the way from slow cut-back to total abstinence. Some smokers may break the habit through sheer force of will. Still others, with exactly the same amount of moral rectitude, may find that when they do go cold-turkey they think of nothing else but the next cigarette they must resist. Far better, they may feel, to go on smoking than to live in that zombie state.

There may be answers to be found, however. As an initial step, we might take some of the money now spent on cancer research and use it for a serious examination of the various quitting techniques. Is there a better drug to ease the physiological addiction than those which are now prescribed? Should aversion therapy—for example, putting a person in a telephone booth and letting him smoke himself sick—play a larger part? Or hypnosis? With a clearer idea of what works and what doesn't, we might then concentrate on making this knowledge available to the people who can use it: the smokers, their doctors, both public and private anti-smoking clinics. Some of these private organizations, most notably the Schick clinics, have run an impressive record of cures, and a public campaign against cancer should welcome their efforts rather

than undercut them. But Schick now charges \$450 for a cure and has little incentive either to find simpler ways to help the smoker or to treat everyone who wants to quit. The government has the money to do the research, and it has a reason to cast its net wide.

The Need for Paternalism

While a campaign against cancer is helping people quit, it should also keep youngsters from starting. Just as it makes more sense to stop people from getting cancer than to blast them with radiation once they are dying, it also makes more sense to keep people from becoming addicted than to put them through the agony of a cure. This, it will be noted, is a paternalistic notion: the state is telling people what is good or bad for them. There will be more to say about paternalism in a moment, but here we are speaking of children, and when dealing with children paternalism may be a very good thing. Parents do not let their children learn from experience in the case of electric sockets, or railroad crossings, or household poisons, and they should not do so with cigarettes. The forces that draw children toward smoking in those awkward teenage years may be only temporary, but the consequences are not. People who start smoking at age 15 are five times more likely to die of lung cancer than those who start at 25.

The burden of paternalism falls first on the parents. Of all the influences affecting a child's decision to smoke, the example of his parents is the most important. But even if parents try to dissuade their children, there are many other influences that remain beyond their control. The chic ladies of the Virginia Slims advertisements, the rugged cowboys smoking Marlboros—these and other creations of the advertising world lure their children toward the romance of the cigarette. There are other pressures as well, from school, friends, and elsewhere.

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The boundaries of parental influence suggest where the state might take a hand. One step would be to get a clearer idea of why children decide to smoke, and what incentives are most effective in stopping them. The next would be to launch campaigns—paid for, once again, out of the current anti-cancer budget—to play on the most sensitive juvenile emotions. Television may be the most influential medium for this audience, and the anti-smoking spots of the sixties, though mainly aimed at adults, illustrate the approach to be taken. Anti-smoking commercials, of course, are not only paternalism but also propaganda, and in some minds they call up visions of a mind-controlling government at work. Today cigarettes are denounced on TV; tomorrow, the Jews. This is alarming only to those who overlook the most obvious distinctions between the realm of free discussion and that of addictive poisons.

Public Choices

The two steps considered so far would pass muster under most schemes of individual freedoms and proper functions of the state. By helping people quit and steering children from an immature choice that could prove fatal, the public is only finding a more practical way, at no cost in individual liberties, toward reducing the toll from cancer. Beyond that, any public efforts against smoking run smack into debates about First Premises and theories of the state, the same debates that have cropped up elsewhere in the last few years. In San Francisco, a proposal has been debated which would require extra-high fencing along the Golden Gate Bridge. Its supporters argued that the unfenced bridge was an invitation to suicide. Prevention of accidental falls was not the issue, since the existing fence was adequate for that. Rather, the question was whether those who decided to commit suicide by leaping

from the bridge should be prevented from carrying out that decision. In less dramatic fashion, the same issue lies behind the "buzzer" legislation, designed to protect drivers from any foolhardy desire not to wear their seatbelts. It lies as well behind efforts to stamp out smoking. The issue is whether the government should prevent its citizens from consciously doing themselves harm.

I believe that a distinction between public and private efforts is essential. To take an extreme conception of public powers, one might argue that the state has an absolute power to keep its citizens from harming themselves. It would outlaw smoking, forbid all drinking (as we did during Prohibition), and take steps to see that no one jumped off the bridges. Such a policy would be based on the notion that the citizen owed a special kind of loyalty to the state. Besides just paying his taxes and obeying the laws, he would be expected to deliver his productive labor—which depends on his health—for the good of the community. As Michael Walzer has phrased it, this is the duty to *live* for the state, as opposed to the more familiar duty to *die* for it. Such a duty might be right for a tightly knit guerrilla band or a young ideological state, but it has never been part of our public philosophy. That is why I think that the state should have no quarrel with any adult who wants to smoke, just as it should have no quarrel with those who attempt suicide.

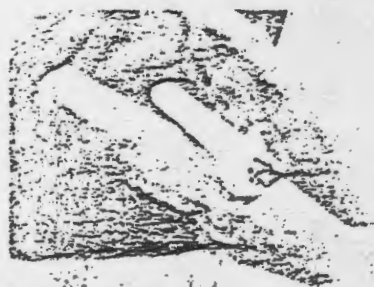
The only quarrel the state might have with the smoker is when he violates the rights of others. This has been the battle cry of the non-smokers on their fights for smoke-free havens within airplanes and elevators. but it means something else as well. Over the course of their lives, most smokers will spend more days in the hospital, off the job, and at the doctor's than non-smokers will. Their total medical bills will be higher, and, of course, they will die sooner. The companies that insure their lives and sell them medical insurance stand to

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lose money on smokers. As things work out, however, it is not companies that lose but those who do not smoke. Only a handful of insurance companies offer any discount at all for non-smokers, and these are so trivial as to hardly be worth the bother. If you are 30 years old and a non-smoker, for example, Mutual of New York will knock a full 66 cents off your annual premium for each thousand dollars of your life insurance



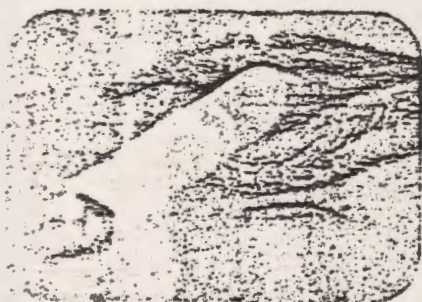
policy. By the time you're 60, the discount soars to \$2.14. It's easier for the companies to jack rates up across-the-board, and the effect of that is to make those who do not smoke subsidize those who do. Smokers who cannot afford insurance rely on the public for their medical care. They draw on these facilities more heavily than people who do not smoke, so they, too, are subsidized by non-smokers. Our public services are riddled with hundreds of indirect subsidies, but none of them can make less sense than this one.

Here we leave public duties at an end. Private responsibilities are quite a different matter. As a friend or a member of a family, I have an interest in the well-being of my friends. Though I don't want the state to prevent them from committing suicide, I will try to prevent them myself, as I might try to persuade them against smoking. Private individuals and organizations are held to a standard of conscience not expected of the government, and that is why we return now to the question of advertising. 1970 was the last year in which cigarette companies could vend their product over the airwaves. During that

year the makers of the top 20 cigarette brands spent \$241 million advertising their products, more than two thirds of that total going to TV. Then came the ban, and for three years the ad totals were depressed. In 1973, they had only climbed to \$196 million, 20 per cent below their previous high. But by 1974 the ad total for the top 20 brands had reached \$243 million, and expectations for 1975 are higher still. When inflation is taken into account, this is clearly a smaller total than before the ban; but when you consider that not a penny of it is going to TV, it means that newspapers, magazines, and the owners of outdoor billboards are having a field day. Open a copy of *Time* or *Newsweek*, *Harper's* or *Atlantic*, *New York* or *Esquire*, *Penthouse* or *Playboy*, and you will see the bright ads for Winston, Saratoga, More, and Virginia Slims. According to *Advertising Age*, newspapers and magazines have increased their take from the cigarette companies by more than 300 per cent since 1970. During that period, outlays for cigarette ads in magazines have risen from \$49.5 million to \$114.6 million, and in newspapers from \$14.7 million to \$80.5 million.

There are gradations within these advertisements, with different levels of culpability. The tobacco men claim that their ads are aimed at people who already smoke and attempt nothing more than to make them switch their brands. True enough, one sort of ad does serve that purpose. Most of the "healthy" cigarettes—the low-tar varieties like Doral, More, Vantage—make their pitch to the smoker who is getting cold feet. "With all the talk about smoking I decided I'd either quit or smoke True," says an executive type in one of the current campaigns. "I smoke True." But on the other side of the great divide are the many ads clearly designed to resurrect the shades of Bogie and Murrow and restore to smoking the romantic appeal it once had. Benson and Hedges show their smokers stubbing their extra-long cigarettes on the rear

end of a girl in a bikini; *Advertising Age* calls this the "skin flick ad," and, whatever its name, its purpose is to equate smoking and sex. Winston, apparently choosing Charles Bronson as its modern Bogie, depicts bull-necked young men announcing, "I don't smoke to be like everybody else." Salem has a pair of "smoker's pride" ads. In one, a man says, "People ask me if I really enjoy smoking"; in the other, a chipper young woman asks, "Do you enjoy smoking as much as I do?" Perhaps the most obscene of them all, in view of the epidemic of cancer among women, is Virginia Slims and its well-established slogan, "You've Come A



Long Way Baby." While a feeble case might be made for the first sort of advertisement as a way of luring smokers to brands which will kill them more slowly, there is no defense at all for the second.

Both kinds of ads continue to run in our finest journals, in settings which are increasingly grotesque. *The New York Times* worries solemnly about the cancer rate and beats the drum for Winston; *Newsweek* reports on the declining public health and invites readers to meet "The Long One, Max." Under one conceivable circumstance the ads would be justified: if the papers, like Hugo Black, believed in absolute freedom of speech. This is simply not the case. Nearly every newspaper and magazine in the country reserves—and exercises—the right to censor the material advertisers place in its pages. Last fall *The Washington Post* deleted the phrase "a dirty movie that really delivers the goods" from an ad on its

amusements page. (The delicious touch in this case was that the quote had come from the *Post's* own movie reviewer.) In his book, *Legal Control of the Press*, Frank Thayer describes the censorship policies of various newspapers:

"The general principles guiding the [St. Louis] *Post-Dispatch* are to deny space for any advertisement... which might cause an injury to health... Illustrations of the type of *Post-Dispatch* rejections of advertising... An eyelash and eyebrow darkener consisting of silver nitrate and pyrogallol rejected because of the possible injury to the eyes that might result to the user....

"*The New York Times* policies in regard to censorship of advertising are as follows: '... The chief purpose of the *Times's* censorship is to protect the reader.'... [the *Times* forbids] objectionable medical advertising of products containing habit-forming or dangerous drugs.... Any other advertising that may cause money loss to the reader, or injury to health or morals, or loss of confidence in reputable advertising and honorable business, or which is regarded by *The New York Times* as unworthy.'"

Noble Sougning

The New Yorker also has its censorship rules. It accepts no advertising from the government of South Africa, it rejects patent medicines, and, according to one of its spokesmen, it frowns on products whose price level is out of keeping with the readership's assets. But *The New Yorker* is different in one other way, which is that it, along with *Reader's Digest*, is the only major publication to place a flat ban on advertisement from cigarette companies. "It happened right after the first Surgeon General's report," says Hoyt Spellman, the magazine's public relations man. "We decided in January 1964 that we would take no new business pending the final report. We continued the business we already

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had. One year later we banned it all—new and old. We felt there was no redeeming social value in cigarettes—unlike liquor, cars, and the other death-dealing instruments *The New Yorker* advertises. Even one is bad for you.”

Spellman continued: “On a conservative basis, it’s been estimated that we could probably have a couple of pages of cigarette ads in every issue. That would amount to about a million dollars of revenue per year.”

Considering the competition, *The New Yorker* and *Reader’s Digest* do deserve praise for putting their money where their mouths are, even though their performance is nothing more than the literal execution of the advertising policies of all our greater publications. One hears the noble souging of Sulzbergers and Ochses behind *The New York Times*’ ideal of “protecting the reader”; “this is not just a business, my son, it is a public trust.” Unlike some other businesses, newspapers like the *Times* and the *Post*, and magazines like *Time* and *Newsweek*, have some underlying sense of moral purpose and public responsibility. They would never accept the notion that they are simply in business to make money. But for organizations so concerned about “protecting the reader,” for publishers so intent on steering the public away from corruption and injustice, and for editorialists who have moralized so often about the government’s perfidy in threatening the life of one man, Fidel Castro, it is grotesque, to say the least, that they are devoting so much space to the cause which kills 500,000 people every year.

Unless one assumes that the advertisers are lunatics, the reason they are advertising is that it pays off. They convince smokers to continue, and they entice new victims to start. If there are merchants of death these days, they are not the men of Honeywell but of the great tobacco industrial complex that runs from the green fields of Piedmont to the publishing offices of New York.

At this point the inevitable rejoinder is heard: but what about free speech? To begin with, this is utter hypocrisy as it applies to most publishers, since they will censor for esthetic or moral objections no matter how trivial. But there is something even more perverse about it than that. When the man in the publisher’s office decides to accept a cigarette ad, deep in his mind there lurks a strange conception of his obligation to evenhandedness and fair play. It shows up most clearly whenever people talk about the ban on televised ads. That was a terrible mistake, the anti-smoking forces say, because it removed the stop-smoking spots along with the industry’s own ads. A Justice Department official named B. C. Wilson, to choose one example of many, has proposed that we let the cigarette ads back on TV so that we can regain the beneficial effect of the anti-smoking spots.

‘Fire!’

Broadcasting is a different business than publishing; since a network is little more than a franchised money-making machine, using public airwaves, the public can set stricter terms for what does and does not appear than it can for the press. But the logic of Wilson’s proposal lies close to our publishers’ hearts. You have to give everyone a chance, they tell themselves; I may disagree with what you say, but I will defend to the death your right to buy my space to say it. So if you’re giving cigarettes a hard time in your news columns, then it is only fair to let them reply in the ads.

Now, there is certainly a place in this world for free speech, equal time, and letting all sides be heard. It would be wrong to give the Democrats ads, but deny them to the Republicans; to let Ford advertise without GM; or even to run news reports about oil spills without letting Mobil or Exxon buy their minute’s worth of rebuttal. But somewhere there is a line which

separates these political disagreements from unequivocal menaces to the public health and safety. No serious student of free speech has claimed that anything besides *political* speech has an absolute privilege; similarly, no serious student has claimed that anyone has a right falsely to yell "Fire!" in a crowded theater—which is the kind of threat we are discussing here.

The papers offer no free speech or equal time to white slavers, for example, nor to dope pushers or contract murderers. Granted, these services are illegal, but the problem with finding proper analogies for cigarette advertising is that no other legal product comes close to matching the danger of cigarettes. They cause more cancer than radiation, pollution, or any other known cause; they kill more people than criminals, wars, auto accidents, and domestic quarrels put together. I do not deny any smoker his right to smoke, but I challenge anyone to deny that cigarettes are the major public health menace in this country—indeed in all of the Western world.

When *[More]* ran a full-page ad for Marlboros in its December 1975 issue, it demeaned itself as certainly as if it had sold that space to a gang rape club or a Mafia recruiter. No one is forcing *[More]*, or anyone else, to take these ads; they will not offend any serious notion of fair play if they turn them down. Publications are not public utilities, bound to serve any random client off the street. When a publisher decides to present a product to his readers, he puts his name behind that product, at least to the extent of saying that it is worthy of his readers' consideration. And when the publishers decide to put their names behind cigarettes, how can anyone believe their protestations of prudence and public responsibility? They have sold out. And, seriously, their employees have not bothered to complain. In the past decade, an important idea has grown up about the relationship between organizations

and the individuals they employ. When the company is doing something bad, the employees complain. If it is bad enough, they back up the complaint with the threat to quit. This might not work at the local car dealership or the *Manchester Union-Leader*, but publishers like Katharine Graham and Punch Sulzberger, who place high price on the appearance of public responsibility, would be least able to resist serious pressure from their staff on a moral point such as this. Yet the idea seems not to occur to anyone involved.

Hypocrites

The sad thing is that the publications are selling themselves so cheap. Certainly there are some groups who could not survive if the cigarette industry folded. The tobacco growers are the most obvious case, and if a successful war on cancer means hard times for the farmers, then the public has a responsibility to find new ways for them to use their skills. A few publications rely so heavily on cigarette ads that they might not survive a boycott. Of the major national magazines, *New Times* seems the main entrant in this category. By my count, 45 per cent of its four-color advertising in the last half of 1975 came from the tobacco industry. (It's "my count" instead of their figures because *New Times* was not eager to discuss this question.) For the majority of the publications, this is hardly a question of economic survival. The *Times* and the *Post*, *Time* and *Newsweek*, could get along for years without cigarette ads, as they did for years before the TV ban created the current bonanza. For most of them, taking cigarette ads is not a matter of *making* a profit, but only of maximizing it. The extra five or ten per cent this adds to their revenues comes at an enormous cost in hypocrisy, and, let us say it outright, contempt for human life. Everything else they say will be cheapened until they stop.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

7 JUL 1977

TO: RICK HUTCHESON
THRU: Bo Cutter
FROM: Don *DeRosa*
SUBJECT: Cigarette Advertising

We have reviewed Jim Fallow's Memorandum for the President on the above subject, and have the following general comments to offer:

1. With respect to the reallocation of tobacco subsidies, this is a highly controversial issue which would need much more staffing out before making any firm recommendation to the President.
2. Raising the Federal tax on cigarettes would also need to be thoroughly staffed out; for example, it is not clear what the impact of such an increase would have on actual consumption.

Should a decision be made to look into some of these areas in more depth, we would be glad to work with Stu Eizenstat's staff in pursuing the considerations which Jim Fallow's memo sets forth.

THE WHITE HOUSE
WASHINGTON

Date: July 5, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza, Stu Eizenstat,
Frank Moore, Jack Watson,
Bert Lance.

FOR INFORMATION:

The Vice President
Ham Jordan
Bob Lipshutz

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Fallow's memo dated July 1, 1977 to the President
re Cigarette Advertising with attachment, "The
Cigarette Scandal".

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00

DAY: Thursday

DATE: July 7, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

1. Government purchase of air time for anti-smoking commercials may be viewed as inconsistent government policy as long as the tobacco subsidy remains.
2. According to an informal survey made in my office, tobacco companies are not interested in resuming TV advertising because they know that the ads will increase anti-smoking groups.
3. Non-smokers should be given the option to enjoy a smoke-free world. The Minnesota decision to have all public places set aside a smoking and non-smoking area is exemplary as is Eastern Airlines' decision to accommodate non-smokers first.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 7, 1977

TO: Rick Hutcheson, Staff Secretary

FROM: Peter Bourne ^{P.B.}
Special Assistant for Health Issues

SUBJECT: Fallows memo on smoking.

Basically I endorse the observations and suggestions in the memo. However, it is not realistic to think these measures alone will reduce the level of cigarette use sufficiently to improve health levels to any marked degree. For instance, in those countries where cigarettes are heavily taxed (in some places so that they cost more than a dollar a pack) consumption has not declined.

For economic, political, and other reasons I do not feel a head on confrontation with the tobacco industry holds any great hope of success. The key strategy which I believe will realistically improve health and which I have been promoting is the development of the "safe cigarette". Research, primarily by the tobacco companies has significantly reduced the health hazards of cigarettes in recent years and I believe with more work we can approach the concept of the "safe cigarette". I am already scheduled to meet with representatives of the tobacco industry later this month to pursue this strategy.

We have tried to link in the public mind cigarettes with other substances of abuse in the drug message.

In Canada attempts to totally ban alcohol advertising completely failed because resistance from publishers, advertising agencies, and the liquor industry was too strong. We would probably have the same problem, but I think we should try anyway.

Of special interest - in England heavy taxation on cigarettes yields enough revenue to pay for the entire national health service.

I believe we should pursue this issue with Presidential support, and I would be happy to contribute in any way I can.

PGB:ss

THE WHITE HOUSE

WASHINGTON

Date: July 5, 1977

MEMORANDUM

FOR ACTION:

Midge Costanza, Stu Eizenstat,
Frank Moore, Jack Watson,
Bert Lance.

FOR INFORMATION:

The Vice President
Ham Jordan
Bob Lipshutz

HL
SL

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Fallow's memo dated July 1, 1977 to the President
re Cigarette Advertising with attachment, "The
Cigarette Scandal".

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 10:00

DAY: Thursday

DATE: July 7, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

Strong resistance from tobacco state Senators (Fla., Ga., S.C.,
N.C., Va. primarily) to any Presidential initiative aimed at
the tobacco program (subsidy) on the ground that it would put
farmers out of work, hurt our balance of payments, etc. Other
anti-smoking initiatives could not be resisted as effectively.

Dan Tate (Senate)

NO comment - I smoke - WFLK ~

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required
Staff Secretary immediately (Telephone 3952)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson
Jane Frank

Jack

RE:

Cigarette Advertising

While we concur with Jim on the merits, his suggestions lack a political context. It goes without saying that the tobacco lobby is fierce, and surfacing with this program before Congress adjourns might throw a number of high-priority items off the track. Further, it might be a good idea to link the adverse health effects of smoke to the adverse health effects of polluted air, which may often be equally serious.

July 8, 1977

THE WHITE HOUSE

WASHINGTON

July 7, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Jim Fallow's Memo on
Smoking

I share Jim's concern with the problems of smoking, although I am not sanguine about what the government can effectively do about the problem.

I would have some concern about attempting to affect the nature of the advertising that the cigarette companies do in magazines and would likewise have some concern about a Message to Congress on this one item, unless it could be combined with other health related matters.

However, the smoking problem is serious enough to merit further investigation, and I would be pleased to work with Jim in establishing a working group, including certain agencies, to examine the legal, economic, health and political issues involved in Jim's suggestion. I understand that OMB concurs in the creation of such a group.


THE WHITE HOUSE

WASHINGTON

July 6, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER 

SUBJECT:

Your comments concerning confidence in the
mail analysts

The statistical tally on the B-1 issue shows mail for the
week of 7/1/77 running 10-1 against production of the B-1.

The mail analysts summary on the B-1 issue indicates
initial response to the B-1 decision (Thursday morning to
Friday morning) and indicates a 3-1 ratio in favor of the
President's decision.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Week Ending 7/1/77

MEMORANDUM FOR THE PRESIDENT

FROM:

HUGH CARTER *HC*

SUBJECT:

Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 6/24</u>	<u>WEEK ENDING 7/1</u>
Presidential	34,000	31,800
First Lady	1,700	1,800
Amy	900	620
<u>Other First Family</u>	<u>150</u>	<u>110</u>
TOTAL	36,750	34,330
 <u>BACKLOG</u>		
Presidential	4,850	10,130
First Lady	600	770
Amy	50	50
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	5,500	10,950*

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	51%	55%
WH Correspondence	23%	21%
Direct File	15%	11%
White House Staff	9%	8%
<u>Other</u>	<u>2%</u>	<u>5%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters and Post Cards	43,875	23,224
Mail Addressed to WH Staff	16,875	17,024

cc: Senior Staff

*The backlog temporarily increased due to a newly installed analyst system.

MAJOR ISSUES IN
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 7/1/77

ISSUE	PRO	CON	COMMENT ONLY	NUMBERS OF LETTERS IN SAMPLE
Pres.'s Position re: Israel Returning Land Won in '67 War	5%	95%	0	1,552
B-1 Bomber	10%	90%	0	2,177
Support for Hospital Containment Bill (S.1391-HR.6575)	40%	60%	0	63
Support for U.S. Intervention in Case of Anatoly Sharansky	90%	10%	0	133
Public Opinion re: Andrew Young	6%	94%	0	630
Support for the Kennedy-Corman Bill (S.3-HR.21) National Health Insurance	84%	16%	0	51
Support for Gay Human Rights	64%	36%	0	366
Support for Improving Relations with Cuba	3%	97%	0	126
Support for Amendment to Bill Reducing HEW Funds	36%	64%	0	80
Support for Retaining Panama Canal	92%	8%	0	305
Comments re: Police Brutality in Philadelphia, Pennsylvania	0	75%	25%	106
TOTAL IN SAMPLE				5,589

MAIL SUMMARY - WEEK ENDING JULY 1, 1977

The following statements are based on debriefings of mail analysts during the week.

B-1 -- Initial reaction through telegrams and Mailgrams shows a three-to-one ratio in favor of the President's decision to cancel production of the B-1 bomber. Most people are applauding the judgment, the others are worrying about employment and national defense.

MIDEAST -- Hundreds of people, not only Jewish citizens, are suggesting that President Carter carefully consider U.S./Mideast policy, adding that the President's recent statements "concerning a Palestinian 'Homeland,' minor adjustments in the 1967 borders, and compensations for Arab refugees give (them) cause for concern." And they advise that "a full peace must be based on UN Security Council resolutions regarding direct negotiations between Arabs and Israelis and Arab acceptance of the State of Israel."

USPS vs. UPS -- Numerous business people and others are supporting the United Parcel Service and condemning any rate increase in first class mail by the U.S. Postal Service, when it would be used to subsidize fourth class parcels. They laud the "fast, economical service" UPS provides, and urge Carter to put regulations on the mail classes to insure fair competition.

STEEL -- Imports "that are flooding the United States steel market" are causing a great deal of concern among people who contend the foreign steel producers are engaging in "unfair competition." Most writers are requesting that the President, members of the Administration and Congress "open their eyes to the realities of international trade and bring about enforcement of existing fair trade laws."

JOBS -- People are constantly seeking assistance with employment woes. And middle age persons say they are having an extremely difficult time finding employment. Some say they have been unemployed for as long as two years.

DOUBLE-DIPPING -- Military retirees convey disappointment with the President's "strong stand against" the payment of retired military pay to retirees who are civil service employees.

LOCKS AND DAM -- Many people from Illinois, particularly railroad industry employees, are soliciting President Carter's support "to defeat the proposal to rebuild and expand the Alton Locks and Dam 26 Project just north of St. Louis." Railroad employees fear the possible loss of jobs.

I have no confidence in mail analysts for instance, previous page says 10:1 against.

carbon copy
library

THE PRESIDENT HAS SEEN
THE WHITE HOUSE
WASHINGTON
July 8, 1977

C
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MEMORANDUM FOR THE PRESIDENT

FROM: Bob Lipshutz

BL

Among the Jewish leaders who attended last Wednesday's meeting was Morris Abram.

He prepared the attached memorandum which he requested that I deliver to you.

I also am sending a copy to Dr. Brzezinski, Secretary Vance, Hamilton Jordan and Stu Eizenstat.

MEMORANDUM

July 5, 1977

To: The President
From: Morris B. Abram



Why Portions of the American Jewish
Community are Concerned with the
Present Posture of U.S./Israeli/Arab
Relations

Circumstances have recently developed which make Israel appear stiff-necked and intransigent and the Arab states conciliatory. The reverse is the case and has been since Israel was born. 7

In 1948, Israel accepted the UN Resolution. The Arabs attacked. Subsequently, the Armistice was never observed by the Arabs. I personally recall that in 1964 as an American citizen I could not travel from Israel to the Wailing Wall, nor, of course, did any Israeli have access even to Hebrew University on Mt. Scopus. Numerous deadly Arab violations of the cease fire in Jerusalem and desecrations of the Holy City by the Arabs occurred in violation of the Armistice from 1948 to 1967.

In 1956, the Israelis, under American pressure, did not pursue certain victory for a promise underwritten, inter alia, by the United States that the Suez Canal would be open to Israeli shipping. It never was.

In 1967, Nasser unilaterally ordered the withdrawal of UN troops leading to a war. Israel defeated the Arab armies but again halted its armies at the request of the United States. This restraint did nothing to secure Israel against the terrorism which later escalated.

In 1970, again on U.S. initiative, Israel drew back from the Suez Canal though Egypt, in violation of understandings, seeded the area from which Israel withdrew with missiles.

The fact is that Israel has always been prepared to meet with Arab states face to face to negotiate a genuine peace and deal with all outstanding reciprocal grievances and issues. The Arabs are not.

Peace has to have a beginning. From 1948 until today the Arab ambassadors and leaders studiously shun all Israeli representatives. Ambassador Chaim Herzog of Israel -- as his predecessors -- is willing, of course, to shake hands with his Arab counterparts, but is treated by them as a non-person. President Sadat and President Assad, despite whatever assurances they have privately given the President of the United States, have so far failed to tell their Arab publics that they desire a peace recognizing the independence and security of the State of Israel.*

* In the New York Times of July 2, President Sadat is reported to have told President Carter the following:

"I told him simply that if we resurrected Jesus Christ and Prophet Mohammed together, they would not be able to persuade Moslem or Christian Arabs to open the borders with Israel after 29 years of hatred, four wars, rivers of blood and massacres."

It is inconceivable that Israel would want perhaps 1 million Arabs incorporated within its state in preference to a genuine peace -- one evidenced, for example, by the simple act of a handshake in public, or an announcement over Cairo and Damascus radios of what President Sadat and Assad must be saying to President Carter. (If that is impossible, then one must assume that the political conditions within these leading Arab states make peace impossible.)

I now raise the critical question: Which party is intransigent, stiff-necked and unyielding and pursues a non-negotiable posture? If, as it is sometimes argued, the Arabs cannot adopt a different point of view because Israel is occupying land seized since 1967, why was the same attitude prevalent since 1948 when Israel was occupying lands to which apparently there is no juridical dispute.

Yet the problems are grave and must be resolved.

The issues as I see them are basically chemical: Arab pride; Israeli insecurity and feeling that previous actions in exchange for promises have yielded them nothing. The fact is that Arabs have never comprehensively and publicly accepted the legitimacy of a Jewish state in the Middle East.

If the Arabs would take concrete and public steps to indicate a desire for friendship, I am sure that Israel would be happy to trade territory for the sense of security that would be so engendered.

United States Stake

Our national stake in good relations with the Arabs are obvious:

1. Strategic, particularly in relation to the USSR.
 2. Oil to ourselves and our even more oil-dependent allies.
 3. The abatement of a constant threat of war which might lead to nuclear destruction.
 4. The danger of transfer of currencies built on petrodollars.
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Our stake in Israel is so complex that it cannot be described in mere tangibles. Suffice it to say:

1. Israel is a consistently faithful and ideologically compatible ally.
2. On more than one occasion it has furnished the United States war materiel of the USSR not otherwise available.
3. A break in U.S./Israel relations leading to a war of annihilation in the Middle East would present an emotional and moral issue which would rend the fabric of American society. The whole idea is unthinkable and has been to every decent, responsible, political, civic and moral leader of the United States.

A Suggestion for Conflict Resolution

Absolutely nothing will happen soon or in the future to resolve the questions of boundaries, Palestinians or Jerusalem until there is a climactic change in the political weather between the Arab states and Israel. Israel must be told in no uncertain terms that she must abide by the terms of Security Council Resolution 242, but the Arabs must be told that the United States will put no pressure on Israel to do so until the Arabs have taken the first concrete and public steps towards peace so necessary to relieve Israeli anxieties, steps which the Israelis have always been willing to take.

Postscript

The French surrendered at Sedan and a peace followed; the Germans surrendered at Versailles and peace followed; the Japanese (to whom face is supposed to amount to a good deal) surrendered on board the Missouri and a peace followed. In our own country, General Lee presented a model of public reconciliation after Appomatox. What is there so peculiar about the Arabs that they must be humored and excepted from the normal relations between states which say they want peace? The answer is they should not be and they should be so told.

Just imagine what a difference it would make if as President Carter suggested on June 6, 1976, the Arab governments ended the embargo and official hostile propaganda against Israel!